FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,780 Friday November 15 1985 D 8523 B

US trade: a respite for President Reagan, Page 19

World news

Peres to decide on Sharon dismissal

Shimon Peres, Israeli Prime Minister will today decide whether to carry out his threat to dismiss Ariel Sharon, Trade and Industry Minister.

He will decide after discussions with Yitzhak Shamir, Foreign Minister and leader of the Likud bloc to which Sharon belongs. Sharon's dismissal could threaten the country's fragile coalition of which the Likud is a member.

Peres repeated his demand for a full apology from Sharon for criticisms of him and his policies made earlier this week. Page 4

Liberian crackdown

Liberia's leader Gen. Samuel Doe has regained control following Wednesday's attempted coup and has begun clamping down on opposition parties.

Hunger strike

Two West Bank Palestinians held without charge by Israel on suspicion of guerrilla activity began a hunger strike.

Indian changes likely

Indian Premier Rajiv Gandhi is expected to make cabinet changes which will involve giving the defence portfolio to Arjun Singh, who yesterday resigned as the governor of Punjab. Page 4

Iraqi air raid

Five people were reported killed and over 50 wounded at Ahvaz in western Iran after Iraqi aircraft bombed a steel mill.

Lufthansa strike ends

A strike at Lufthansa, West Germany's national airline, ended after management and the union agreed to appoint a mediator to end the dispute, which involved maintenance and dispatch staff. Page 20

Moscow to aid Peking

The Soviet Union will help China establish or renovate 24 factories and other projects during the next five years.

Talks over hostages

The Archbishop of Canterbury's envoy Terry Waite, said in Beirut that he had contacted the group holding four US hostages. He asked journalists to stay away during talks over their release.

Swapo amnesty

Namibia freed 22 long-term prisoners convicted for terrorism as a peace gesture to the nationalist South West African People's Organisation, to which they belong.

Turks form party

Supporters of former Turkish Prime Minister Bulent Ecevit, led by his wife Rahsan, founded a new party aimed at attracting left-wing voters.

Ex-Nazis on trial

Three ex-Nazi doctors, two of whom are still practising, will stand trial in West Germany for the third time on charges that they helped gas thousands of psychiatric patients during the Second World War.

Orlov 'will die'

Dissident Soviet physicist Yuri Orlov will die soon unless he is freed from internal exile in Siberia, according to Professor George Wald, Nobel prizewinner for medicine who yesterday raised the case with Soviet leader Mikhail Gorbachev.

Rematch move

Defeated world chess champion Anatoly Karpov is looking forward to a rematch against fellow Soviet player Garry Kasparov and wants the rules changed so that the champion defends his title every three years instead of every two.

Business summary

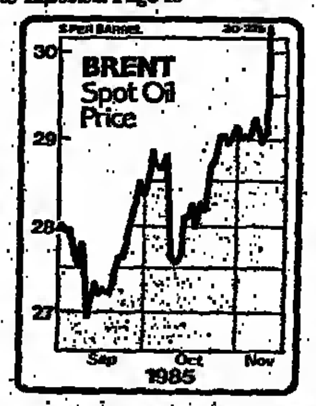
Ericsson profits to be halved

ERICSSON, Swedish telecommunications and electronics group, incurred a pre-tax loss of SKr 135.6m ($17.23m) in the third quarter and forecast profits for the full year could be halved compared with 1984. Page 21.

WALL STREET: The Dow Jones industrial average closed up 11.47 at 1,439.22. Page 40

LONDON: Leading stocks succumbed to profit-taking and gilts were also lower. The FT Ordinary share index shed 7.7 to 1,081.1. The FT-SE 100 ended at 1,391.7, down 5.2. Page 40

TOKYO: Still in the doldrums. The Nikkei market average lost 126.78 to 12,580.51. Page 40



DOLLAR showed small mixed changes in London, closing at DM 2.6165 (DM 2.6115), FFr 7.97 (FFr 7.9675) and Y203.35 (Y203.95). It was unchanged at SFr 2.144. On Bank of England figures the dollar's exchange rate index fell to 129.1 from 129.3. Page 43

STERLING was generally firmer in London, rising 35 points against the dollar to $1.4275. It also improved to DM 3.735 (DM 3.725), SFr 3.06 (SFr 3.0525) and FFr 11.3775 (FFr 11.345) but fell slightly to Y290.25 (Y290.5). The pound's exchange rate index rose to 79.6 from 79.5. Page 43

GOLD fell 75 cents an ounce on the London bullion market to $325.75 but gained $1.00 in Zurich to $326.25. Page 42

PLESSEY, UK telecommunications and electronics group, reported pre-tax profits 13 per cent lower at £70.24m ($99m) for the half-year to September 27. Lex, Page 20; Details, Page 26

ITT, US-based multinational conglomerate, plans to cut its world-wide office staff by 23 per cent to 1,140, in a move mainly reflecting the impact of the group's asset disposal programme.

BUNDESBANK, West Germany's central bank, is expected to allow the country's banks to introduce D-Mark certificates of deposit in a further liberalisation of capital markets. Page 2

SCHERING, West Berlin-based pharmaceuticals and chemicals company, is buying the US fine chemicals and polymers subsidiaries of Henkel, the Düsseldorf group, for around $70m. Page 21

SGS, leading Italian microelectronics company which is owned by the IRI-Stet state holding group, expects to make a loss of more than $15m this year on sales which have fallen 8 per cent. Page 21

PHARMACIA, Swedish pharmaceuticals and biotechnology group, has revised its forecast of annual profits downward after a slowdown in earnings growth in the third quarter. Page 21

SWISS Bank Corporation expects earnings for calendar 1985 to show a marked rise, allowing a substantial increase in reserves against "latent risks at home and abroad." Page 21

WESTPAC Banking Corporation, Australia's biggest bank, lifted net profits by 20 per cent to A$367.65m (US$243.47m) in the year ended September 30 but fell A$20m short of market hopes. Page 24

NOVO, Danish pharmaceuticals and enzymes producer, increased nine-month pre-tax profits by 3 per cent to DKr 708m ($74.68m) but sales growth slowed and profits slipped in the third quarter. Page 21

Colombian volcano kills many thousands

UP TO 20,000 people are feared dead in central Colombia, and perhaps 25,000 injured, in devastation caused by one of the worst volcano eruptions of this century, news agencies reported last night.

The farming town of Armero in the state of Tolima, with a population of 21,000, was largely destroyed in the night-time eruption of the Nevado del Ruiz volcano. Eight villages were also engulfed in mud, debris and ash which had rumbled down the slopes of the 16,200 ft peak which until recently had been dormant for 400 years.

The mountain began to throw out ash and rock on Wednesday afternoon. There were more eruptions during the night, heating up ice caps on the volcano. Melting snow and mud turned rivers in the area into torrents that have torn away roads, bridges and houses. One rescue worker said: "We have a dramatic emergency. It is a desolate panorama."

A pilot reported people clinging to trees and sheltering in churches.

The governor of nearby Cundinamarca province, Mr Gustavo Esguerra, told Reuters in a telephone interview that 90 per cent of Armero had been destroyed, while eyewitnesses described "fearsome" scenes of devastation, with the entire town buried in volcanic ash and debris.

Although a journalist who flew over Armero said that no more than 3,000 of its inhabitants had survived, Mr Hugo Ardila, the Mayor of Bogota and chief spokesman for civil defence, said about 10,000 people in the town had been rescued by mid-day (1700 GMT).

A pilot estimated that only about 100 houses remained. "The town is buried under ashes. It looks like a huge beach," he told a radio station.

Other witnesses said dismembered bodies were being washed downstream in rivers yellowed with suphur.

As anguished appeals were sent out for doctors, bandages, food and tents, President Belisario Betancur declared the area a disaster zone and flew by helicopter to survey the damage.

Rescuers were hoping for the arrival of US helicopters from Panama to assist a relief operation almost impossible to mount by road because of the devastation.

The affected area includes some of Colombia's most important coffee-growing zones and clearly the disaster will have major economic impact on a country struggling to service external debt of nearly $14bn.

Scientists had been monitoring the volcano for several months and one of them said yesterday that he had been working with Colombians on the preparation of an emergency plan for Nevado del Ruiz.

Dr Darrell Herd, deputy chief of the US Geological Survey's Office of Earthquakes, Volcanoes and Engineering, said in Reston, Virginia, that the volcano had erupted strongly for a day on September 11 and had left a small coating of ash on nearby towns of Manizales and Chinchina.

If the estimated death toll is confirmed, the eruption could be the worst volcanic disaster in South American history, and the worst anywhere in the world since 1902 when Mount Pelee erupted on the Caribbean island of Martinique, killing 29,000 people.

US rejects Soviet proposal for cut in land-based missiles

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US yesterday quickly turned down a Soviet proposal for an early cut, as a gesture of good faith, in land-based missile forces in the superpowers' efforts to reach an arms control agreement. The plan would not meet US criteria of "stability, balance and equity" the White House said.

Rejection of the previously secret Soviet initiative came as senior Administration officials continued to play down expectations for next week's Geneva summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader.

Mr George Shultz, the US Secretary of State, said that it was "possible but not probable" that the summit could agree on new guidelines for the arms control talks.

In a pre-summit briefing, Mr Shultz said that some significant agreements would be expected at the two-day summit which begins on Tuesday, but that they would not be of major importance. While the summit could give an "impulse" to the arms control negotiations, the two sides were nowhere near an actual agreement.

Mr Shultz said that there were "obvious problems" with the Soviet call for an immediate reduction of 200 to 300 in each side's intercontinental ballistic missile forces. Such a cut would perpetuate inequality between Soviet and American land-based forces and would not involve "meaningful" reductions in Soviet missiles, he said.

Mr Larry Speakes, the White House spokesman, said that the plan would mean a relatively smaller warhead reduction on the Soviet side, further increasing the Soviet advantage in the ratio of warheads to targets. It would "enhance the Soviets' first-strike capability," he said.

Mr Shultz said that agreement could be reached at the summit on several significant bilateral issues, which could help to improve the general atmosphere between the superpowers. Mr Reagan was expected to pinpoint one such agreement – covering cultural, scientific and youth exchanges – in a pre-summit address to the nation later last night.

Mr Shultz, who appeared to be approaching the summit in an unusually ebullient mood, said that bookmakers' odds on an agreement on arms control guidelines in Geneva should be between two and four out of 10. At another news conference, he discounted reports that Mr Reagan and Mr Gorbachev would announce agreement on joint efforts to halt the spread of chemical weapons. "There is no such deal in prospect," he said.

Mr Schultz said that a great deal would depend on the personal efforts of Mr Reagan and Mr Gorbachev, both of whom he described as "strong, engaging personalities." Mr Reagan would be adopting a position of "strength and reasonableness," he said.

Another senior official said that while Mr Reagan could not expect to dispel all Mr Gorbachev's misgivings about the US in 10 to 12 hours of talks, he hoped to dispel most of them

He stressed, however, that it was "a very superficial notion" to think that the summit would fundamentally alter the superpower relationship, adding that it would not be until several months afterwards that the meeting could be judged a success or failure.

While there was a chance that the summit could agree to "accelerate" the Geneva arms talks, the results of such a commitment could only be assessed in behaviour at the negotiating table over the months ahead, he said.

Mr Shultz and other officials dismissed suggestions that Mr Reagan wanted to use the summit to reaffirm both sides' commitments to existing arms control agreements, such as the 1972 Anti-Ballistic Missile (ABM) treaty and the 1979 Strategic Arms Limitation Treaty (Salt 2).

Mr Shultz said that discussions were still under way as to how the two leaders would report on their achievements in Geneva. He did not rule out a joint press conference, but said that that was not necessarily "the best way." It was also still not clear if Mr Gorbachev would agree to hold at least two more summits, as the US has proposed, Mr Shultz said.

Nato meets on weapons production, Page 3

UK and Ireland expected to sign Ulster pact today

BY HUGH CARNEGY IN DUBLIN AND PETER RIDDELL IN LONDON

NORTHERN IRELAND'S two main Unionist parties yesterday announced a boycott of Britain's ministers for the province as a first step in a campaign against the Anglo-Irish agreement which is expected to be signed today by Mrs Margaret Thatcher and Dr Garret FitzGerald, the British and Irish prime ministers.

The way for a summit today between the two premiers was cleared by the Dublin and London cabinets yesterday. Both gave their approval to the proposed agreement.

In Dublin, after a lengthy Cabinet meeting, a government official said the agreement had been considered and approved. There was no official comment on the meeting, but there was growing speculation that the accord would be formally signed this morning, probably in Northern Ireland.

The agreement is understood to include the setting up of a system of regular joint ministerial meetings backed by a permanent Anglo-Irish secretariat in Belfast.

In Belfast yesterday, the official Unionist and Democratic Unionist parties – which are overwhelmingly Protestant – said in a joint statement: "We will as a first step withdraw all support and co-operation from the present Government and will not offer advice to or communicate with Northern Ireland ministers of a Government which has flagrantly betrayed its responsibility to the people of Ulster."

The Rev Ian Paisley, the DUP leader, said: "We regard this action as only a minor first step."

Mr James Molyneux, the OUP leader, said in a radio interview that the agreement meant Northern Ireland ministers would no longer be responsible to the Government and parliament at Westminster but would also be responsible partly to Dublin.

The two men are to hold their own protest "summit" during the meeting between Mrs Thatcher and Dr FitzGerald.

In London, Mrs Thatcher received support in the House of Commons from other party leaders and from the vast majority of Conservative MPs for her approach to the agreement.

This was in face of accusations of treachery and betrayal by Unionist members and a small minority of sympathetic Conservative backbenchers.

The frustrations of Unionist MPs about both the deal and the leaking of the details boiled over in repeated protests during an hour of Northern Ireland and Prime Minister's questions.

In a dramatic intervention Mr Enoch Powell, who had openly praised the Prime Minister for her handling of the Falklands war in 1982, astounded a packed chamber by warning Mrs Thatcher that the "penalty for treachery is to fall into public contempt."

Mrs Thatcher was cheered loudly by MPs when she replied that his remark was "deeply offensive," to which Mr Powell shouted: "You knew what you were doing."

There was no indication of the contents of the deal, though Mrs Thatcher told MPs that decisions north of the border in Ireland were a matter for the UK and decisions south a matter for the Republic.

Mr King stressed that there could be no change in the status of Northern Ireland as part of the UK

Continued on Page 20

ITC fails to answer banks' plan for tin rescue

By Stefan Wagstyl in London

THE International Tin Council (ITC) inched its way yesterday towards tackling the crisis that has crippled the world tin market for the past three weeks.

After a day of emergency talks in London, delegates from its 22 member governments said progress had been "very slow." There was no indication of any concrete response to the rescue plan put forward by the ITC's 16 creditor banks, with the support of brokers on the London Metal Exchange (LME) and their bankers.

The banks involved – about 40 – want guarantees from the ITC's member-governments to secure the council's debts, estimated to run into hundreds of millions of pounds, before advancing new loans. They are coupling their offer with threats of legal action to call the governments into default if those are not forthcoming.

Meanwhile, the LME, the world's leading metals market, confirmed that plans to reopen the tin market on Monday had been postponed for at least another week to give bankers and diplomats more time to work on the proposed refinancing.

In another development yesterday, Amalgamated Metal Trading, a trader with outstanding contracts with the tin council, took steps to shore up its financial position with the help of a £10m ($14.2m) capital injection from its parent, the West German metals group Preussag.

Amalgamated Metal Corporation, AMT's direct parent, is 85 per cent owned by Preussag and already has paid-in capital of £8.59m. Preussag said the planned capital injection, which is to take place "as soon as possible" was to enable AMC to meet any costs arising from the tin crisis and to signal that the company was to stay in business.

In Kuala Lumpur, it was understood, from the Malaysian state-owned MMC group that it was prepared to stand by the commitments of its MMC Metals subsidiary which announced this week that it was suspending trading on the LME.

However, LME executives said they had received no such assurances.

The tin council resumes its emergency session today, the third meeting so far in the crisis, which started when the ITC's buffer stock manager announced on October 24 that he had run out of money with which to support the market.

Delegates are expected to consider the establishment of a formal

Continued on Page 20

Commodities, Page 32

S. African bank chief predicts growth as recession bites

BY ANTHONY ROBINSON IN JOHANNESBURG

THE GOVERNOR of the South African Reserve Bank, Dr Gerhard de Kock, yesterday predicted moderate growth for the South African economy next year as the latest unemployment and bankruptcy figures revealed the harsh effects of the current recession.

Official figures for white, coloured (mixed-race) and Asian unemployment rose 131 per cent to 89,534 in August, compared to the same month last year. But the figures, which only cover those eligible for unemployment benefits, greatly understate the jobless total which academic experts believe is running at more than 3m of the 12m labour force.

Official statistics also show that bankruptcies are running 86 per cent higher than 1984 with 2,028 companies going into final liquidation in the first eight months of the year.

Dr de Kock, who was addressing the annual Financial Mail investment conference, said: "The scenario for 1986 is one of economic upswing, moderate growth and increased employment, with a sustained but smaller surplus on the current account of the balance of payments and no significant demand pressure on prices."

As he spoke, two of the largest commercial banks, Standard Bank and Nedbank, announced a further 1 per cent reduction in their prime rate to 18.5 per cent.

Dr Fritz Leutwiler, the former Swiss banker leading negotiations to reschedule South Africa's foreign debt, has called on Pretoria to introduce political reforms. Meanwhile, riot police yesterday arrested 700 black protesters in Soweto, outside Johannesburg. Page 4

Dr de Kock, recalling "the unique trials and tribulations experienced by South Africa since July this year," emphasised that the debt negotiations now taking place for the rescheduling of $14bn of the country's total $24bn foreign debt were not being approached as a "winding down operation" but were aimed at normalising South Africa's financial relations.

"We are looking forward to a continuation of not only trade financing but also capital flows in other forms," he said. There was no question of South Africa repaying more foreign credit next year "than we think is appropriate," he added. But he pointed to the continuing surplus on current account to underline that South Africa was not seeking new money.

Only a small portion of the $10bn of debt unaffected by the halt in repayments announced on September 1 falls due for repayment in 1986 and "it is expected that most, of not all of these maturing loans or credits will be rolled over or replaced by new facilities."

He forecast that the surplus on current account would decline to about R4bn from the expected R5.8bn surplus in 1985 as the economy recovers from the 0.5 per cent GDP decline of 1985 to about 3 per cent growth next year.

The decline in the surplus is likely to be accompanied by a reduction in the capital outflow because the expected rise in imports from R22.6bn to R28bn in 1986 would be partially financed by overseas suppliers or other credits.

Despite his attempt to present an optimistic and technocratic account of future prospects, however, Dr de Kock admitted that South Africa was "now in a new ball game" as a result of the "marked deterioration in overseas perception" of the domestic political and economic outlook. "Misguided, distorted and erroneous as they might be, they do exist, and they are dominating the situation," Dr de Kock concluded.

CONTENTS

EUROPEAN NEWS

Bundesbank may further liberalise capital markets

BY JOHN DAVIES IN FRANKFURT

Banks in West Germany may be able to introduce Deutsche Mark Certificates of Deposit (CD's) from spring next year in a further liberalisation of the country's capital markets.

The Bundesbank, West Germany's central bank, is expected to give the go-ahead *shortly* for such a move, after approving other financial innovations earlier this year.

Certificates of deposit, which are already widely used elsewhere, are in effect receipts for short-term bank deposits and can be traded.

Several months ago, it was generally thought that the Bonn Government might have to introduce legislation if CD's were to be allowed. But the trend of thinking at the Bundesbank now is that a change in the law might not be necessary.

The Bundesbank's policy making central council is due to meet on November 21, but *it is not certain that a decision* in favour of CD's could come so soon. In any case, it would be several months before technical details of their introduction could be finalised.

Introduction of CD's has major implications for the question of banks' minimum reserves. By law, the Bundesbank requires banks to set aside a certain percentage of various types of deposit in minimum reserves.

Leading bankers have been arguing that all minimum reserves should be abolished or else that CD's should not be subject to minimum reserve requirements. Mr Karl Otto Poehl, the Bundesbank president, made clear this week that there was *no question* of abolishing minimum reserves.

In a separate development, meanwhile, the Bundesbank has taken a step believed to be aimed against proposals made recently by Mr Jacques Delors, president of the European commission, for strengthening the European Monetary System (EMS).

The central bank confirmed yesterday that it had sent a letter to Mr Gerhard Stoltenberg, the Finance Minister, in Bonn.

It declined to disclose the contents of the letter, but it is believed to caution against Mr Delors' proposals.

It is already known that senior Bundesbank officials have strong reservations about Mr Delors' suggestions that the EMS should be formally incorporated as part of the EEC's constitutional framework in the Treaty of Rome and that the EEC Commission should play a larger role in overseeing the EMS.

The central bank officials believe such moves could weaken the Bundesbank's role

Riksbank to lower penalty rate for bank borrowing

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH central bank, Riksbank, will today lower by one percentage point the 14 per cent penalty rate which it applies to bank borrowing above a certain level.

The penalty rate has been lowered three times in the last five months since a run on the krona forced the Riksbank to drive the rate close to a record level of 16 per cent in May.

However, the discount rate has been left unchanged at 10.5 per cent and Sweden still has some of the highest interest rates in Europe reflecting its weak *external* payments position and an inflation rate that is significantly higher than those of its major trading partners.

The Riksbank has allowed money market rates to fall gradually in recent weeks — short term paper is now traded at about 13.10 per cent — and termed the latest move an "adaptation" which reflects a currency inflow which has produced a slight surplus for the year.

Andriana Ierodiaconou in Athens reports on the decline of the world's most glamorous merchant fleet

Greek shipping industry faces the harsh realities

MENTION of the word "shipping" brings a pained look to the faces of Bank of Greece officials these days, as they contemplate the hard times which have befallen the country's most glamorous industry.

The popular image of tycoons like Aristotle Onassis directing merchant fleet empires from their private islands in the Aegean has faded before the harsh reality of bankruptcies and idle fleets. The central bank calculates that invisible earnings from shipping plunged by $726m between 1981 and 1984.

Earnings have continued to tumble in the first seven months of this year, down by 7.7 per cent relative to the same period in 1984. A sick Greek merchant fleet means a sick European Community fleet—Greek-owned vessels make up about 70 per cent of open registry tonnage traceable to ownership in the EEC, while over 38 per cent of Community tonnage flies the Greek flag.

In the port and commercial centre of Piraeus, for every three new companies setting up shop along the 2 km waterfront stretch of concentrated shipping activity, four are closing.

In the early 1970s, a decade of boom in shipping, the ratio was four companies arriving to one leaving, today the latter group includes not only shipping companies but banks, which have decided to cut their losses and quit an industry which has landed the international banking system with an estimated $70bn in exposed loans.

Although the exact number of shipping companies going under is difficult to calculate—one owner may run several ships each as a different company, while other companies may still keep the facade of a Piraeus office but no longer be in operation—it is estimated that several dozen fleets have been dissolved in the past 18 months.

Between January 1982 and the beginning of this year, the Greek flag lost 1,000 ships totalling over 9m gross tonnes to scrapyards and flags of convenience. It is now down to 2,111 vessels and 30.3m gross tonnes.

Shipowners say that for all except the very top names in Greek shipping who have enough capital to weather any storm, staying afloat rather than making big profits is the theme of the day. "What the shipping industry has been going through in the past few years is without precedent—unless it be the crash of 1929," one shipowner commented.

Diverse factors have contributed to the crisis, which has defied popular "cyclical theories" of boom and slump. One is the fall in international commerce traceable to the record rise in US dollar interest rates of recent years. A sustained fall in the dollar is a must, shipowners say, if there is to be any hope of recovery.

Shipyards worldwide also come in for a share of the blame, in continuing to generate cheap tonnage, creating enormous overcapacity at a time when scrapyards can hardly deal with the traffic created by the decline.

Shipowners also blame banks. From their point of view, the international banking system jumped eagerly onto the shipping bandwagon in the boom years only to start pulling the rug out from clients' feet in their time of trouble by foreclosures and seizures of ships.

"It's true we went in for asset value rather than cash flow lending to shipping, based on ship values which have now tumbled to 20 per cent over scrap. There's no International Monetary Fund in shipping, you just write off millions of dollars in losses and go on," one banker who closed down in Piraeus in the past year said.

Other bankers tartly reject blame: it is shipowners, they maintain, particularly some among the traditionalists of the Greek old guard, that were too slow to accept losses and adapt to the market changes.

The silver lining to the cloud they say, is that the profile of Greek shipping has now changed, with a younger, less habit-bound set of players moving to the forefront. As older hulls have gone to the *scrapyards* the age profile of Greek tonnage has also improved.

At the *Bank of Greece*, the assumption is that a significant improvement in invisible earnings from shipping is not to be expected soon. Hopes for a healthier invisible balance are therefore pinned on tourism.

This sector has also had its problems. In 1982 its earnings expressed in dollars fell by 19.7 per cent relative to the previous year, continuing to tumble by 23 per cent in 1983. According to the most recent Bank of Greece report on the economy, the fall reflected both the prolonged recession in *Western Europe, and poor* Greek competitiveness in the Mediterranean tourist market due to low quality services.

The trend was reversed in 1984 with an 11.8 per cent increase in earnings *which has* continued into 1985. The authorities note, however, a disparity between the increase in arrivals and the increase in earnings, meaning that while Greece is hosting more tourists, they tend to be lower spenders. In the view of some economic analysts, the disparity also may suggest *capital plight.*

This year will be remembered by the Greek tourist industry as the year disaster struck in the shape of international terrorism. The dramatic hijacking by Shi'ite gunmen of a TWA flight flying from Athens to Rome in June, which led to a US State Department travel advisory against Greece, is conservatively estimated to have cost Greek tourism $80m in revenue. About 100,000 Americans, about a fifth of the total expected arrivals in 1985, cancelled their reservations.

On the Government level, the economic repercussions of the travel advisory have led to a sharp *sprucing* up of anti-terrorist security. Entry points, particularly airports, are more *tightly monitored*, and an eye kept on Arab activity in Greece. Co-operation with security services in other Western countries, in the past an area of complaint against Greece, has been stepped up significantly.

The National Tourist Organisation is planning to launch a new public *relations* campaign in the US in early 1986. According to a senior NTOG official, "everybody knows about bouzouki and the Acropolis. We are going for a brand new image."

So far the organisation has no plans for such a campaign directed at Britain: it is judged that the one terrorist incident involving *British* holidaymakers, who top arrivals to Greece — the bombing of a *Glyfada beach hotel in September* — has had no long term effects on the UK market.

"We have to do all we can to restore confidence in Greece, then sit back and pray for sunshine," one Greek tourist businessman said. At the Bank of Greece, they couldn't agree more.

Militant left-wing and Conservative trade unions opposed to the Greek Socialist Government's economic austerity programme, staged a nationwide strike yesterday demanding the lifting of a two year wage freeze and the restoration of full index linking of wages in the public and private sector.

In Athens, the most striking sign of the stoppage was combat green army trucks doing substitute bus duty.

Greece's 350,000 civil servants, most of whom are concentrated in the capital, did not take part in yesterday's action in favour of a separate 24-hour strike on November 28. At midday, several thousand demonstrators staged a protest march to Parliament, blocking off Athens' central square to traffic for about two hours.

Commercial and civic life appeared crippled rather than *totally paralysed, reflecting* **the fact that the strike was boycotted by a proportion of Socialist workers loyal to the Government.**

The loyalists now hold a minority of seats in the leadership of the Greek trade union congress. Yesterday's strike was organised by the majority in the leadership, an informal coalition of dissident socialists and Communists, who split off last month and elected their *own* **congress president.**

Of Greece's 161 trade union *federations*, **85 responded to the strike call, covering a range of basic services in the private and public sector. These included banks, civil air and Olympic Airways personnel, electricity, telecommunications, the Post Office, urban transport, schools and hospitals. A number of** *industries* **were affected, including textiles, cement, construction, and** *food processing.*

Given this mixed picture, both the strikers and the Government claimed to have carried the day yesterday.

Mr Evangelos Yiannopoulos, the Labour Minister, described the strike as a "crashing failure" and said over 80 per cent of workers *had shown up for work.*

The strike organisers on the other hand insisted that 1.5m of Greece's 2.5m *non-agricultural* **workforce responded to their call. They asked workers to "***remain on the alert*, **because if our demands are not met in a few days, we will intensify the struggle."**

Europeans not yet sold on supranational currency

BY IVO DAWNAY IN BRUSSELS

THE European Currency Unit (Ecu), still only seven years old, is nonetheless proving a precociously fast developer in the international family of currencies, the banking community claims.

Yet, at the *same* time, only a third of the 6,552 Europeans questioned in an opinion poll published yesterday have ever heard of it.

The new study, sponsored by Banque Bruxelles Lambert, Credit Agricole and the Cassa Di Risparmio Delle Provincie Lombarde, was clearly commissioned to lend weight to the campaign for greater use of the Ecu by the public at large.

It points out that seven *out* of 10 respondents were aware of media coverage of stock exchange movements and monetary developments, while nearly half had travelled abroad during the past three years.

When then asked to identify the Ecu as one of "a game, a type of computer, a collector's metal, a European monetary unit or a cinema award" only 47 per cent got the right answer. One can also only presume that some even of these were only guessing.

Britain, despite *its national* obsession with quiz games, came bottom of the class in the test with only 35 per cent of those competing picking the currency out. Luxembourg, a nation of bankers, came top with 77 per cent.

But just to prove that many of these were lucky, the poll points out that only 33 per cent of the citizens of the seven countries polled had ever heard of the unit. (Britain again disgracing itself with a paltry 10 per cent).

If this were not bad enough news for the bankers, their question on the merits of replacing national currencies with the supranational Ecu fell heavily on the stony ground of currency chauvinism.

Though 32 per cent approved, 38 per cent did not, with D-Mark-proud West Germany joining the UK at the head of the nationalist pack. The pollsters consoled themselves, however, with the unsubstantiated claim that "the most educated and influential" broadly favoured the move.

The safest conclusion that can be made from yesterday's data is that its sponsors wish European citizens to use the Ecu more for everything from settling debts to using on travellers cheques.

All the signs are that, whether EEC citizens like the mongrel currency or not, this will inevitably be the case.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfort Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Parliament votes for Ecu 34bn EEC budget

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament yesterday voted overwhelmingly in favour of a Ecu 34bn (£21.1bn) EEC budget for 1986—almost 20 per cent more than in the present year—to pay for the extra cost of a 12-member Community including Spain and Portugal, and for a build up of past commitments to social and regional projects.

In a virtually unprecedented display of solidarity, the MEPs challenged the member states to find an additional Ecu 2.2bn on top of the draft budget of Ecu 31.8bn approved by budget ministers in September.

Yet in spite of their extra spending plans, the members werewarned that their budget could still leave the European Commission forced to cut new social and regional projects to cope with the burden of past commitments.

Mr Henning Christophersen, the Budget Commissioner, said the plans proposed both by the budget ministers and the Parliament would leave tho social and regional funds running out of cash by themiddle of the year.

The UK in particular is a major beneficiary from the fund, and any cut would make Britain an even larger net contributor to the EEC budget, and require a correspondingly larger budget rebate in 1987.

The spending plans approved by the Parliament yesterday, with only the British Labour group and a handful of anti-EEC members voting against, go far beyond the legal margin which they are entitled to add to the budget.

However, the members argued that they were simply doing the job of the Council of Ministers, by adding almost Ecu 700m to ensure that Spain and Portugal get back as much as they pay into the budget in their first year of EEC membership, beginning on January 1.

The other major addition approved by the parliament, by 327 votes to nil, was of Ecu1.1bn for social and regional spending, to cope with the burden of past commitments identified by the European Commission.

It is now up to the budget ministers, who meet on November 26, to decide whether they can accept the extra spending, or face a new bout of inter-institutional squabbling likely to end in the European Court.

Hope of early decision on Greek loan package fades

BY IVO DAWNAY IN BRUSSELS

HOPES OF an early agreement on an EEC loan package to help Greece's balance of payments crisis appeared to be fading last night as talks continued between Mr Costas Simitis, Greek Finance Minister, and the European Commission.

Prior to the meeting, there had been speculation that the loan deal would be ready to present to the Ten's finance ministers for approval at their meeting in Brussels on Monday.

However, the complexity of the terms for the aid package and the Commission's wish to include a series of related issues has put any conclusion to the negotiation in doubt.

The Commission is understood to be prepared to propose a short-term loan to Athens, to the ministers, perhaps of up to Ecu 1.8bn (£1bn).

But it is also determined to link the package to firm undertakings from Greece on adjustments to its austerity measures and the completion of its commitments under its accession arrangements with the Community.

In particular, the Commission wants Greece to put firm limits on its new system of import deposits which were introduced as part of the austerity crackdown.

UK health spending 'at lower end of scale'

By David Marsh in Paris

BRITAIN spends less on health care as a proportion of the total size of its economy than any of the main industrialised countries, according to a study from the Organisation for Economic Co-operation and Development.

In a report on medical care, the OECD says that, based on 1982 figures, Britain's expenditure on health care in the public and private sector totals 5.9 per cent of gross domestic product, lower than any country in the 24 nation area apart from Portugal, New Zealand, Greece and Turkey.

The average expenditure on health throughout the OECD came to 7.4 per cent in 1982, growing steadily during the previous 20 years from 4.1 per cent in 1960.

The US led the league table with 10.6 per cent of GDP spent on health, followed by Sweden with 9.7 per cent, the Netherlands with 8.7 per cent, and West Germany, Canada and Ireland with 8.2 per cent.

Britain emerges with a better showing on the basis of public expenditure on health care as a proportion of GDP, where in 1982 the share was 5.2 per cent compared with the OECD average of 5.8 per cent.

Figures for 1983 — where the OECD does not have all the country comparisons — show Britain's total and public spending on health higher at 6.2 per cent and 5.5 per cent of GDP respectively.

In terms of health care expenditure per head of the population (1982 figures), the UK spends $508 on the basis of current exchange rates, in 17th ranking in the OECD. This compares with $1,388 in the US, $1,168 in Sweden, $1,158 in Switzerland, $989 in Canada, $931 in France, $874 in Germany, $828 in Australia and $602 in Japan.

Britain also comes well down the league table in terms of the number of persons per physician.

Measuring Health Care: OECD 2 Rue Andre Pascal 75775 Paris Cedex 16.

Nato meets on joint weapons production

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MINISTERS FROM the North Atlantic Treaty Alliance's 16 nations meet in Brussels today to plan alliance strategy on the collaborative production of weapons systems.

The special meeting is being attended by deputy defence ministers and will discus a new report which envisages armaments collaboration as a critical element in the alliance's drive to improve its conventional defences.

This drive is itself part of an effort to diminish Western reliance on the early use of nuclear weapons in any future war.

The new Nato strategy on armaments collaboration, outlined in tho report being discussed today is expected to be endorsed by a full Nato council of foreign ministers next month.

However, it is understood to fall considerably short of recommending the more radical measures which Lord Carrington, Nato Secretary General, and his officials originally proposed.

Lord Carrington had wanted to give Nato headquarters the power to draw up plans for the future joint production of weapons systems just as it now produces agreed plans for the future size and capabilities of Nato's armies and other forces.

Officials were also anxious to see the creation of a common fund which would boost research into collaborative projects.

Another plan—recognised as unrealistic—given tho way Nato members jealously guard their sovereignty—envisaged the creation of a Nato agency to procure defence equipment.

It is understood that opposition to Lord Carrington's suggestions came principally from European governments, including Britain, France and Germany, both on the grounds of practicality and of cost.

It is felt that tho ultimate strategy endorsed by ministers is likely to be confined to bland guidelines designed to encourago co-operation. However, Mr Robin Beard, Nato assistant secretary general in charge of armamonts matters, said yesterday be hoped ministers would accept the need for some planning mechanisms on armaments co-operation, since none at all existed at present.

Part of the European objection comes from foars that Nato could duplicate or detract from existing European efforts to strengthen armaments co-operation taking place within the revitalised Independent European Programme Group (IEPG).

A series of meetings involving ministers from IEPG governments (all European Nato countries, including France), over the past 18 months has drawn up a new charter on collaboration and has defined lists of projects for future research and development.

Ministers' politcal interest is generally held to have added dynamism to the collaborativo effort evon if it has not yet resultod in new projects actually being started.

Underlying European reticence towards Lord Carrington's proposals, however is the fear that if Nato is made tho major focus for collaboration, Europe's industries will again find themselves playing second fiddlo to more powerful US companies.

Tho issue is particularly sensitive at the moment as the US administration, provoked by Congress, is taking steps to improve opportunities for US-Europe arms collaboration in particular and trade in defence equipment in general.

Two amendments were recently passed to the 1985 US Appropriations Bill. One, tabled by Senator Sam Nunn, provides for the creation of a $200m fund to finance a joint research and development programme between the US and its Nato allies on high technology conventional weapons.

The other, tabled by Senator Dan Quayle, eases the restrictions on collaboration which are enshrined in the US Arms Export Control Act.

Both these amendments are in the way of "carrots," seen as part of the US effort to help Europe do more in its own defence. However, the Senators have given notice that the benefits could be nullified if their effort is judged insufficient.

Mr William Taft, the US Deputy Defence Secretary, is expected to give his colleague ministers further details on the $200m fund at today's meeting.

The non-Socialist minority government in Denmark suffered a new setback to its foreign and defence policy yesterday as a left centre majority carried a resolution calling on the Government to support all efforts to stop deployment of new or modernised nuclear weapons in east and west.

The Government must not approve any Nato decision to deploy or modernise without obtaining the approval of the Folketing, the parliamentarians ruled.

Mr Poul Schlüter, the Prime Minister, warned on Tuesday that if left-wing members imposed significant new restrictions on Government Nato policy he would call an election. However, the Government decided it could live with yesterday's resolution.

The resolution could cause problems if the issue of modernising Nato's short range (tactical) nuclear weapons comes up at future Nato council meetings.

Moscow 'wants more than cosmetic results in Geneva'

BY WILLIAM DULLFORCE IN GENEVA

THE Reagan-Gorbachev meeting in Geneva next week could be the most important meeting in summit history but the Soviet Union will not be satisfied with only cosmetic results, Mr Georgi Arbatov, the director of Moscow's Institute of American Affairs, said here yesterday.

Mr Arbatov, who frequently expounds Moscow's views to Western audiences, and four other senior Soviet academicians yesterday lunched, with international journalists. They used this unusual pre-summit event to underline the importance the Soviet leadership attaches to obtaining some movement on nuclear arms control at the summit.

Their lino contrasted with Washington's recent attempts to downplay expectations

Their message was that if progress could be made on missiles, the Soviet Union would be flexible about negotiating regional problems such as Angloa, Ethiopia and the Middle East.

Nobody was expecting an elaborate agreement on nuclear weapons to emerge from the meetings on Tuesday and Wednesday, Mr Arbatov said. But President eRagan and Mr Gorbachev could come closer on crucial points which would allow the arms control talks to continue.

Mr Roald Sagdev, director of tho Soviet Research Instituto, denied recent reports from Washington that Moscow had backtracked from an earlier suggestion that it could accept the US undertaking fundamental research into space weapons.

The Soviet position was still to draw the line between basic laboratory research and the spending of $26bn over fivo years on developing and testing space weapons,

Moscow had stopped its research into anti-satellite missiles unilaterally in 1983 but after September (when the US tested a new missile and smashed to pieces an old satellite) Mr Sagdev did not know how his leaders would react.

Nato to consider proposal for six projects

By Laura Raun in the Hague

THE EUROPEAN members of Nato today will propose six weapons' projects for joint European-US development involving $400m, tho first time the 13 countries have spoken with a common voice in Nato.

Mr Jan van Houwelingen, the Dutch State Secretary of Defence, said yesterday that tho six projects to be proposed at today's special Nato meeting in Brussels would be new projects.

Mr Houwelingen is the outgoing chairman of the Independent European Programmo Groop (IEPG), which works toward joint defence procurement and development within Nato, and he has been an outspoken advocate of rectifying tho weapons trade imbalance with the US.

Mr van Houwelingen said the IEPG's proposals would be separate from three projects already agreed last June for joint European co-operation. They were a surface-to-air missile, transport planes and tanks.

Yurchenko's Soviet news briefing broadcast on TV

BY PATRICK COCKBURN IN MOSCOW

MR VITALI YURCHENKO, tho Soviet defector who Moscow has accused the US of kidnapping, gave a lengthy new conference yestorday in a move bound to increase tonsion between tho superpowers on the eve of the Geneva summit.

Mr Yurchanko gave a detailed account of his escape from tho Central Intelligence Agency (CIA) and accused tho US of kidnapping a Soviet nucloar scientist Professor Vladimir Alexandrov in Spain.

Tho two-hour press conference, broadcast on Soviet television last night, is seen by diplomats as a serions effort to keep the US on the defensive before the summit begins.

Mr Yurchenko said yesterday that be was kidnapped from St Peter's Square in Rome where be had gone to look at the Vatican art galleries.

Ho awoke to find himself in the hands of CIA in a villa in a suburb of Washington where his captors tried to get him to defect through a mixture of drugs and threats.

Ho claims that he repeatedly asked to be put in touch with the Soviet Embassy hut, even by his own account, be had clearly convinced tho CIA he was defecting since bo had dinner with Mr William Casey, the organisation's head.

Mr Yurchenko, who the CIA has said is tho fifth most important member of the KGB, said yesterday that ho was formorly in chargo of security for tho Soviet Embassy building in Washington. He donied being a KGB agent and said he was a counsellor in the Soviet foreign service.

Ho escaped after he was able to mako a secret telephone call to the Soviet Embassy and subsequently persuaded his CIA guard to take him out to dinner in Georgetown, Washington.

A Foreign Ministry official said at the press conference yesterday that the Soviet Government fully accepted Mr Yurchenko's explanation of his kidnapping and escape.

Peres again delays decision on sacking Sharon

BY WALTER ELLIS IN TEL AVIV

MR SHIMON PERES, the Israeli Prime Minister, last night again postponed his threatened dismissal of Mr Ariel Sharon, the Trado and Industry Minister. He is to meel today with Mr Yilzhak Shamir, the Foreign Minister and leader of the Likud bloc 10 which Mr Sharon belongs, and will delay his final decision until after their discussions.

But the Premier, who leads the Labour faclion in the coalition Cabinet, said that be was still determined to have a full apology from Mr Sharon for criticism of him and his policies made earlier this week.

Only an apology covering all six points on which Mr Sharon had allegedly erred would be enough, the Premier said, to preveni tho intended dismissal from going ahead.

Mr Sharon's removal from tho Cabinet, unless approved hy his Likud colleagues, would bring down the national unity Government.

The controversial Trade Minister is apparently ready to present an apology dealing with the six points in composite form (not point by poinl), but only if he is given prior assurance that such an intervention will end the matter.

Mediators from the Likud—itself o coalltion of the Herut and Liberal parties—and from several smaller religious factions were busy throughout the day trying to construct a compromise that would keep the Government alive. Political rabbis, in particular, were active, even lo the extent of looking to the Torah for inspiration and guidance.

Mr Peres told a Labour Party meeting in Tel Aviv yesterday that it was not his intention to bring down the unity Government, especially in view of tha damage this would do to ecooomic recovery. But it was essential to democratic practices that ministers have full confidence in the Prime Minister. Mr Sharon ha dto make clear that he was sorry on each of the six points raised. He must also state that he (Mr Peres) had spoken the truth and that respect was "unimpeachable." the Premier's word in this

"It was far from certain last night that Mr Sharron was ready to comply with Mr Pere's wishes." Nor were all sides in the Likud urging him to do so. Even Mr Shamir, whose political career may depend on keepirg the present government in place, was thought to believe that a general apology was sufficient.

Mr Sharon had already apologised in part on Wednesday for any offence be may have given Mr Peres. The Prime Minister's response was to itemise his grievances and to demand detailed retraction.

Unnerving developments for Arafat

Tony Walker in Amman explains why the rapprochement between Syria and Jordan has potential dangers for the chairman of the Palestine Liberation Organisation

JORDAN'S steps towards reconciliation with Syria may prove one of this years' most significant events in the Middle East.

It has implcations for various regional relationships beyond that between Amman and Damascus, and for the peace process itself, and is almost certainly an unnerving development for Mr Yassir Arafat's Palestine Liberation Organisation.

King Hussein's decision to push hard for a rapprochement with Syria comes at a sensitive moment in attempts to revive the peace process with various parties continuing to test each other's intentions.

If the Amman-Damascus reconciliation is successful, it will add a significant new element to regional calculations. The estrangement between Jordan and Syria had been regarded as a barrier to peace efforts.

The Syrians were completely opposed to the February 11 agreement between Mr Arafat and King Hussein which laid down principles for an end to the Arab-Israeli dispute according to United Nations and Security Council resolutions.

Syria's opposition appeared to be based in part on the suspicion the accord mey lead to a separate peace with Israel inimical to wider Arab interests. Damascus's publicly-stated position was that the February 11 agreement, which it described as capitulationist, was irrelevant.

It is unclear whot finally prompted King Hussein to issue an extraordinary self-criticism in the form of a letter to Mr Zaid al Rifal, his Prime Minister, in which he admitted he had unwittingly misled Syria over the activities of anti-Syrian elements in Jordan.

Western officials in Amman seeking an explanation of the King's tactics, believe that he may have felt it prudent to pursue mote vigorously an accommodation with Syria following recent dismaying events such as the Achille Lauro affair which shook his confidence in the ability of the PLO leadership to play a constructive role in the peace process.

For the King the last straw may well have been the collapse of proposed talks in London between a joint Jordanian-Palestinian delegation and British officials because of last-minute PLO objections to a document members of the delegation were asked to sign.

King Hussein has not closed the door to Mr Arafat, but there was a noticeable coolness at their meeting in Amman last month.

Several recent ettempts by Mr Arafat to resume a dialogue with Syria have made little progress. A stumbling block remains.. the personal enmity between the PLO chairman end President Hafez el Assad. A worry for Mr Arafat is that e Syrian-Jordanian rapprochement could leave him dangerously isolated.

His visit to Cairo eerly this month and his unveiling there—instead of in Amman—of an ambiguous declaration renouncing violence in the occupied territories was seen as an attempt to firm up support in another Arab capital.

King Hussein has said he is awaiting answers from Mr Arafet to a number of questions pul to him last month. The King said in an interview in Paris last week that the PLO would have to declere et on "appropriate" time its acceptance of UN Security Council resolutions 242 and 338 which implicitly recognise Israel's right to exist, to declare its willingness to negotiate with Israel at an international conference, and to renounce all violence.

It was almost as if King Hussein was assigning Mr Arafat impossible conditions as a means of distancing himself from the PLO leader.

In Amman almost all talk of the February 11 accord has stopped. Significantly, there was no reference to it in a major speech given recently by the King before the parliament. Similarly, there is almost no public discussion of the possibility of a return to the region of Mr Richard Murphy, US Assistant Secretary of State for Middle East Affairs, for a proposed first-stage meeting with a joint Jordanian-Palestinian delegation as a way of opening a corridor to direct talks with Israel.

The focus of attention is now firmly on prospects for an international conference at which all parties to the dispute would be represented.

Specific rejection of separate negotiations with Israel and endorsement of en international conference were the key elements in a joint communique issued in Damascus this week after two days of lalks between the Jordanian and Syrian Prime Ministers.

Mr Aralat and King Hussein . . . in happier days

The wording of the communique, rejecting "partial and individual solutions with Israel," left no doubt that it was meant as repudiation of US and Israeli pressure for such a course.

Another factor in the King's decision to court Syria may be recognition that US ability to play a constructive role in the region is seriously curtailed by domestic pressures. The overwhelming Congressional vote to delay a $1.9bn arms sale to Jordan until it agreed to direct talks with the Israelis was, in Jordanian eyes, merely the latest confirmation of the constraints on American policy in the Middle East.

Egypt is sdopting a sanguina view of the Jordanian-Syrian reconciliation. Officials are saying that it was inevitable. They cannot feel altogether comfortablo about it, however, sioce Damascus continues to he antagonistic towards Cairo.

It is much too early, officals here say, to come to any firm conclusions about the Jordanian startegy. "The situation is complicated," said one official, "they have a number of balls in the air and they're nol sure what's going to hit the ground first."

S. African debt mediator urges political reform

THE CHIEF mediator in negotiations aimed ot rescheduling South Africa's foreign dobt has called for greater political reform in the country.

In a rare public statement on the situation, Dr Fritz Leutwiler, the former Swiss central banker, said in a Wednesday night Swiss television interview that, while revolution certainly was not needed, reform "must be speedod up . . . no one benefits from bringing South Africa into chaos."

Dr Leutwiler was selected in September to mediate between South Africa and its creditor banks on a rescheduling of et least some of the country's $24bn (£16.8bn) foreign debt. He has since held one meeting bringing together senior South African officials and 30 major creditor banks. A second session is set for November 26.

At the first meeting, Dr Leutwiler said, the discussions were technical, not political. But one could be certain that the banks "have had thoughts." He said they have had to, hecause they have customers who will not give them any more money if they invested in South Africa. And these were big customers, universities and pension funds.

There was a variety of measures that the South African Government could adopt immediately which would help the situation, Dr Leutwiler said. Among them were the freeing of political prisoners, the relaxation of curbs on journalists, the scrapping of pass control laws under which blacks must identify themselves if asked, and the abandoning of the forced settlement of blacks.

Dr Leutwiler lebelled the ban on foreign television and photo journalists from covering unrest as "the dumbest of what we have had yet."

He said that he was convinced that South African President P. W. Botha was truly in favour of reform hut that he faced considerable political pressures.

The mediator elso acknowledged that there hed been criticism of his own role, in that it might effectively be supporting South Africa's racial separation policies. But, he said: "I have heard more positive voices than negative ones."

Financial pressure from outside the country for reform was very strong and more effective than, for example, economic sanctions.

Dr Leutwiler, chairman of tho Swiss electrical engineering company Brown Boveri, said that companies with investments in South Africa could not simply withdraw. They should, however, adopt a code now followed by many companies based in the US, he said. Reuter

Police arrest hundreds of hospital strikers

BY ANTHONY ROBINSON IN JOHANNESBURG

MONTHS of pent-up resentment at poor pay and working conditions at Soweto's Baragwanath Hospital, the largest in Africa, flared into the open yesterday when hundreds of striking nurses and auxiliary workers were arrested by police after a mass meting ended in a riot.

The trouble began on Wednesday night when hundreds of student nurses protesting against an 8 pm curfew, poor pay and food, were baton-charged by security guards as they marched on the administration block. Hospital security forces were issued with firearms and police and army units were called in.

Yesterday the protest was joined by auxillary workers and 144 men and 574 women were arrested, taken to the local police station and charged. Dr Chris van der Heever, the chief superintendent, said: "A mass meeting of daily paid workers striking for higher wages deterioraled and groups of unruly workers rampaged through the kitchens."

Doctors sald the siluetion was chaotic. All surgery except emergency cases bad been cancelled and doctors were doing the work of porters.

The last pay rise for daily paid workers was in 1983 and pay ranges from R110 to R175 (less than £50) per month. Soweto was declared out of hounds lo journalists two weeks ago and reporters trying to cover the story were turned back by army patrols.

Meanwhile, in the Port Elizabeth black township also called Soweto, two black organisers of the consumer boycott, who were released along with 18 other United Democratic Front and boycott leaders eorlier this week, narrowly escaped death yesterday after being accused of "selling out" the boycotl movement.

A crowd dragged them from their car end ploced petrol-soaked tyres around their neck. Then a police armoured car drove up and chased the crowd oway.

Lebanon hostage bid intensifies

EFFORTS to win freedom for US and British hostages in Lebanon intensified yesterday as a United Nations official raised the issue with government leaders and a Church of England envoy pursued secret diplomacy, Reuter reports from Beirut.

UN representative Jean-Claude Aime, who arived yesterday from Israel, discussed the hostages' fate with both President Amin Gemayel and Prime Minister Rashid Karami.

Meanwhile, Mr Terry Waite, the Archbishop of Canterbury's special envoy, said he had made contact with kidnappers holding American hostages and stressed that his negotiations had reached a "critical and dangerous stage."

Iran steel mill hit

Iraqi bombers yesterday hit the steel mills near the western Iranian city of Ahvaz for the second time in nine days. First reports indicated that more than 50 people were killed or wounded Reuter reports from Tehran.

Meanwhile, Mr Youssef bin Alawi, Oman's Minister of State for Foreign Affairs, said he would visit Iran next week as part of the Gulf Co-operation Council's mediation efforts to end the Iran-Iraq war, according to newspaper reports in Kuwait.

Liberian fighting ends

The Liberian Government said yesterday that the armed rebellion launched three days ago had been quelled and that all fighting had ceased, reports Peter Blackburn from Abidjan. Gen Thomas Quiwonkpa, the rebels' leader, was unofficially reported tol have sought refuge at e Western embassy in Monrovia, the nation's capital. However, the city'a streets remained almost deserted except for loyal troops seeking members of the rebel force.

Philippine Poll move

The Phillppine ruling party and opposition politicians said yesterday that they had agreed to delay by a few weeks the special election sought by President Ferdinand Marcos for January 17, AP writes from Manila. No precise date had been agreed, a spokesman said.

Taiwan election

Taiwan goes to the polls lomorrow in local elections that could prove to be a barometer of public opinion towards the country's ruling Netionalist Party, writes Bob King from Taipei.

Taiwan has suffered a series of political and economic sethacks over the uast year. If non-party candidates receive a significanl increase in votes, or if the turnont decreases considerahly, it would be a elear sign of dissatisfaction with the Nationalists.

Botha approves project to exploit gas field

BY OUR JOHANNESBURG CORRESPONDENT

PRESIDENT P. W. Botha announced yesterday that the South African Government has decided to go ahead with a R3,500m (£921m) project to exploit the off-shore gas field near Mossel Bay and construct an extracting and conversion plant to convert the gas inlo synthetic fuel.

The project, which is expected to provide up to 10 per cent of South Africa's liquid fuel requirements and produce annual foreign exchange savings of around R500m, will be managed hy the state oil and gas exploration company Southern Oil Exploration (SOEKOR).

Finance for the project is expected to come mainly from domestic sources including the Central Energy Fund which receives funds from e levy on fuel sales and capital repayments received from the privatisation of the Sasol 2 and 3 oil-from-coal plants. The Government, which recently created e special Cabinet committee to examine the prospects for privatisation, is expected to offer shareholdings in the project to the public.

Over 70 per cent of the equipment for the new plant will come from domestic industry. Shares of engineering and construction companies, like Dorbyl, Edwerd L. Bateman, Scope Engineering and Murray and Roberts, have risen sharply in recent weeks in anticipation of big ordera. Up to 10,000 workers will be employed on the project at hte peak of the five year construction period.

Mossel Bay, which is 250 km east of Cape Town in one of South Africa's most beautiful coastal resort areas, is one of three synthetic oil projects under consideration by the Government. The other two are an oil from coal project planned by AECI, in which ICI of the UK and Anglo American ere major shareholders, end en oil from shala project proposed by the Gencor mining house.

The decline in the rand has radically changed the potential profitability of such projects.

Indian reshuffle expected

THE Indian Prime Minister, Mr Rajiv Gandhi, is expected to make some key changes soon in his Cabinet, with the Defence portfolio olmost certainly going lo Mr Arjun Singh who resigned as Stato Govornor of Punjah yesterday, writes K. K. Sharma in New Delhi.

Mr Gandhi has been handling tho Defence Minislry bimself since he reshuffled his cabinet e coupla of months ego, although he has been helped by Mr Arun Singh, Minister of State for Defence.

Mr Arjun Singh was Governor of Punjab during the period of inlense terrorist activity by Sikhs. His handling of the situation has been widely acclaimed and he is credited with steering the negotiations that led to a peace accord on Punjab.

AMERICAN NEWS

Reagan poised to sign stopgap debt increase

BY STEWART FLEMING IN WASHINGTON

CONGRESS yesterday approved a temporary $80bn (£56bn) increase in the Federal Government's borrowing powers in order to avert the threat that the US would have to begin defaulting on its obligations today.

The move came as the White House predicted that President Ronald Reagan would sign the temporary debt ceiling increase bill by early today, thus averting the threat that he could set off for the Geneva summit meeting in the embarrassing position of being the head of a government in default.

The House yesterday approved quickly on a voice vote a Senate Bill which would increase the debt ceiling until December 6, a date which now becomes the next deadline in a political drama over the US budget deficit which has been unfolding since the beginning of October.

The increase in the debt limit has been held hostage by supporters of legislation to reform the Federal budget process in a way designed to force Washington to eliminate the $211bn annual budget deficit by 1990 or 1991. The budget process reform legislation has hitherto been tied in Congress to legislation to increase the debt ceiling.

That link has now been temporarily broken. But the new December deadline suggests that it will be revived when Mr Reagan returns from Geneva. Reportedly the conference committee on the Bill to reform the budget process has been narrowing its differences. But it was felt that the eve of the summit was not the time to force a showdown with the White House on the budget issue.

The budget reform proposals, which would require the President to make automatic cuts in Government spending if Congress does not meet the deficit targets set out in the legislation, still face an uncertain future however, even if Congress can reach agreement on a compromise version of the Bills passed by the Senate and the House.

Significant cuts in defence spending could be required under any likely compromise and there are doubts about whether the President will be willing to approve legislation which could force his hand in this way.

The dispute blocking a year-long debt increase has forced the Treasury to resort to unusual bookkeeping tactics, including redemption of securities held by the politically sensitive Social Security pension fund and other retirement accounts, to get money to pay its bills.

Stewart Fleming in Washington reports on efforts to reform the international monetary system

Floating exchange rates come under attack

AN ABSORBING lesson in the theory and the practice of reforming the international monetary system has been on view in Washington this week, one which may not have been too reassuring to advocates of reform who believe the political winds are blowing in their direction.

At one end of town the impressive cross section of the international economic establishment attending the conference on exchange rates and the dollar organised by Republican Jack Kemp and Senator Bill Bradley was hearing from speaker after speaker that if the world is to develop a more stable monetary system the Governments of major industrial nations wil lhave to be more willing to give this goal a higher priority than some of their domestic economic policy objectives.

Meanwhile, on Capitol Hill Congress was once again demonstrating that it and the White House cannot agree that in the interests of both domestic and international economic stability, the time has come to start trying to resolve the deadlock over how to reduce the Federal budget deficit.

The "US Congressional Summit on Exchange Rates and the Dollar" has been in the works since April this year. But the organisers could hardly believe their good luck with its timing, coming just a few weeks after the September 22 meeting of the Group of Five major industrial countries in New York.

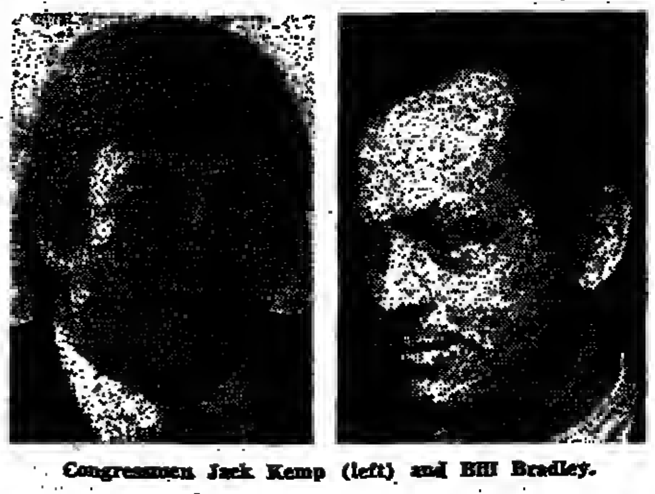
The G5 meeting, with its decision to announce that the industrial powers wanted to engineer a devaluation of the dollar, is increasingly being recognised as a major turning point in international monetary history.

As recently as the Group of Ten meeting in Tokyo in June, the leading industrial countries were telling the world that the current international monetary system of, more or less, floating exchange rates, was here to stay. "The basic structure of the present system . . . remains valid and requires no major institutional change," the G10 Ministers said in their communique.

This week authorities on the international financial system such as Mr John Williamson of the Institute for International Economics, were declaring that after the G5 meeting the floating rate system "has already collapsed . . . (we have) abandoned the philosophy that the exchange rate is the residual in economic policy formulation."

Professor Jeffrey Sachs of Harvard University went so far as to declare that a movement towards some form of target zones for exchange rates is now "an historic inevitability."

In Professor Sachs' view, the floating rate system only worked while the US had no exchange rate target. Now that the political realities of fighting protectionism and dealing with the economic and political strains created by the $150bn US trade deficit have moved to the fore, the US has, defacto, an exchange rate target. Given the role the dollar plays in the world economy, that means the other major countries have one too.



Congressmen Jack Kemp (left) and Bill Bradley.

US Deputy Treasury Secretary Richard Darman who spent the best part of two days at the conference busily taking notes, let it be known that he personally suspects that history is moving the world's monetary system in the general direction Mr Sachs suggests, but not necessarily as smoothly as the advocates of target zones hope.

Disenchantment with the floating rate system on Capitol Hill has been rumbling for months and monetary reform legislation is already being filed. Mr Larry Fox, top international economist at the National Association of Manufacturers, declares that when Congress passes legislation to give the Reagan Administration the authority to start a new round of negotiations at the General Agreement on Tariffs and Trade (Gatt) it will insist on parallel talks about reforming the international monetary system.

For realists such as Mr Bob Strauss, a former US trade representative and one of Washington's shrewdest political brains, Congressional interest in the topic reflects in part the traditional tendency of American politics to focus first on symptoms rather than causes. Just like the protectionist pressures on Capitol Hill, interest in monetary reform partly reflects concern about the overvaluation of the dollar and the huge US trade deficit

But there are also more far-reaching doubts about the way the floating rate regime works in a world where barriers to international capital flows have been rapidly reduced since the dawn of the floating rate era of the 1970s.

There are worries that the "shock absorber" role of the floating rate system during a period of surging oil prices and the abrupt change of US monetary policy in 1979, may not have been the plus point its advocates suggest.

The wide swings in currency values and persistent currency "misalignments" compared with what the economic fundamentals "ought" to dictate are seen to have added to businessmen's costs, undermined otherwise sound investment decisions, contributed to the misallocation of capital internationally and so, perhaps, to have weakened world growth. But are the problems caused by the "system" or by the underlying economic conditions

Imposing the discipline on sovereign countries however involves more than just a new monetary "system." Mr Darman, of the US Treasury, one of the men who will have most to do with the way the world monetary system evolves, says that the connection between the monetary system and the larger political system is what is missing.

He maintains that in the September 22 G5 agreement, with its statements of policy intentions by all the nations, the attempt was made to build the political dimension into the effort to improve economic policy co-ordination.

That effort has not yet resulted in the domestic policy decisions, either in the US or the other G5 countries, needed to bring about the scalo of dollar devaluation the US would like to see. Moreover as Professor Sachs pointed out this week, one reason the dollar has fallen so far since September 22 without a change in US fiscal policy is that the US economy is sluggish and inflation subdued. The Fed has thus not had to tighten monetary policy and raise interest rates, in a way which could be inconsistent with the aim of getting the dollar down.

A long period of debate seems likely before agreement could be reached on implementing any of the alternatives including the "target zones" for exchange rates now the apparent front runner.

Many would echo the view of Mr Ruggerio thet to achieve more stability "whet we need is a collective exercise of sovereignty, not just the undermining of individual countries' sovereignty."

There is not much evidence that the major industrial countries are in any hurry to put a formal shape on such a process, however. For the time being, they may simply prefer to "play it by ear," cope with the strains and tensions in the financial markets which lie ahead on a day-to-day basis, and let the "system" evolve through that day-to-day co-operetion.

US retail sales fall by record 3.3% in October

BY OUR WASHINGTON CORRESPONDENT

THE COMMERCE Department reported yesterday that US retail sales dropped a record 3.3 per cent in October, raising fears that consumer spending over the Christmas holiday could be sluggish.

A sherp decline in retail sales had been anticipated as e result of the slump in car sales last month after sales soared in August and September because of sales incentives. The 14.6 per cent decline in car sales in October was due in part to the end of the incentives. The Commerce Department estimated that without the car sales figures retail sales rose a modest 0.5 per cent.

In view of modest personal income growth, low savings rates and heavy debt burdens, many economists, including those at the Commerce Department itself, heve been expecting the fourth quarter to see some weakness in consumer spending.

Mr Robert Ortner, the Commerce Department'e chief economist, said yesterday that he expected real growth in the fourth quarter to match the level recorded in the third quarter when output expanded by just over 3 per cent

US setback for drug claimants

A US judge has refused to hear four lawsuits brought by Britons against Merrill Dow Pharmaceuticals claiming the Cincinatti-based company's anti-morning sickness drug Debendox caused birth defects in their children.

Hamilton County judge Thomas Crush ruled yesterday that the lawsuits filed against Merrill Dow seeking $250m (£178m) in compensatory and punitive damages should be heard in Britain, not Cincinnati.

"Obviously, Great Britain has the overwhelmingly greater interest in this matter," the judge said in a written opinion. He said it was contrary to commonsense to believe that Ohio had, or should have, a greater concern for British citizens

NOTICE OF REDEMPTION

To the Holders of

Grolier International, Inc.

8¾% Guaranteed Debentures Due December 15, 1986

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 3.05 of the Indenture dated as of December 15, 1971 between Grolier International, Inc. and Morgan Guaranty Trust Company of New York as Trustee, that United States Trust Company of New York as Successor Trustee, has drawn by random selection $1,016,000 aggregate principal amount of the Grolier International, Inc. 8¾% Guaranteed Debentures Due December 15, 1986 for redemption by the Sinking Fund on December 15, 1985. The Debentures to be redeemed are as follows:

COUPON BEARER DEBENTURES WITH PREFIX M

$1,000 Denominations Called In Full

2	1480	1811	2120	2641	3200	4787	6403	9170	11935	13318	13883	14287	14698
4	1484	1815	2123	2656	3204	4789	6404	9171	11938	13325	13903	14290	14699
6	1487	1817	2124	2660	3206	4793	6468	9172	11961	13327	13910	14291	14700
7	1488	1818	2130	2662	3296	4798	6471	9186	12006	13331	13915	14293	14707
9	1492	1819	2131	2664	3329	4799	6478	9190	12009	13334	13924	14307	14716
11	1504	1820	2132	2665	3331	4801	6536	9193	12013	13336	13928	14314	14711
19	1505	1821	2136	2666	3333	4805	6543	9560	12017	13340	13936	14317	14712
21	1508	1826	2141	2667	3335	4807	6545	9561	12021	13343	13950	14319	14716
70	1512	1831	2146	2669	3337	4808	6547	9563	12027	13347	13951	14321	14717
73	1516	1839	2153	2673	3342	4810	6548	9623	12038	13351	13959	14323	14718
74	1520	1841	2158	2675	3344	4813	6560	9625	12041	13352	13965	14324	14720
75	1523	1844	2160	2676	3348	4814	6563	9626	12045	13355	13971	14327	14724
80	1524	1850	2164	2677	3349	4817	6564	9628	12301	13358	13973	14337	14725
81	1527	1858	2166	2680	3351	4821	6565	9637	12304	13361	13977	14339	14726
83	1530	1862	2167	2681	3356	4822	6583	9936	12762	13366	13982	14342	14729
86	1534	1865	2172	2685	3357	4823	6586	9939	12763	13371	14000	14344	14731
97	1539	1868	2174	2687	3358	5292	6600	9942	12766	13377	14004	14345	14735
99	1542	1874	2176	2688	3363	5293	6621	9953	12769	13384	14010	14346	14740
239	1544	1876	2179	2692	3367	5295	6672	9965	12773	13389	14015	14352	14741
766	1545	1877	2182	2694	3374	5298	6691	9973	12778	13395	14020	14376	14742
942	1546	1881	2184	2696	3382	5300	6724	9982	12781	13402	14022	14380	14744
1053	1553	1885	2193	2697	3385	5304	6727	9987	12784	13408	14023	14384	14745
1056	1561	1887	2195	2900	3393	5311	6728	10347	12787	13433	14027	14388	14746
1059	1570	1890	2197	2907	3397	5316	6734	10350	12789	13440	14037	14391	14747
1192	1585	1922	2198	2913	3406	5394	6817	10577	12795	13450	14042	14395	14750
1194	1589	1925	2199	2916	3465	5395	6859	10580	12801	13451	14044	14399	14752
1207	1595	1927	2202	2923	3627	5397	6866	10581	12803	13454	14049	14401	14753
1215	1598	1930	2208	2930	3630	5398	6896	10582	12816	13463	14051	14405	14757
1216	1596	1931	2211	2942	3738	5425	7187	10588	12827	13470	14057	14409	14762
1218	1599	1933	2213	3008	3759	5554	7246	10590	12830	13473	14059	14412	14765
1221	1600	1934	2218	3011	3764	5655	7249	10591	12841	13480	14065	14417	14768
1223	1607	1940	2221	3015	3777	5675	7250	10596	12845	13486	14070	14420	14770
1228	1608	1956	2222	3018	3794	5734	7255	10597	13060	13493	14080	14425	14775
1339	1615	1957	2224	3019	3796	5745	7258	10600	13065	13498	14087	14428	14777
1344	1621	1964	2226	3022	3972	5758	7263	10603	13084	13503	14092	14431	14778
1345	1630	1967	2228	3026	3980	5780	7434	10627	13090	13507	14094	14433	14779
1348	1632	1975	2230	3027	3984	5793	7605	10628	13103	13516	14095	14436	14781
1350	1634	1982	2231	3030	3987	5795	7637	10634	13107	13519	14096	14439	14787
1355	1643	1985	2258	3040	3994	5811	7701	10635	13111	13526	14098	14441	14788
1357	1645	1988	2710	3045	4095	5826	7747	10639	13113	13531	14100	14445	14790
1362	1648	1989	2712	3047	4099	5842	7749	10641	13118	13543	14106	14451	14794
1366	1650	1992	2714	3058	4100	5890	7752	10644	13122	13545	14108	14453	14798
1367	1652	1995	2716	3062	4106	5995	7754	10648	13123	13564	14110	14458	14799
1369	1656	1997	2720	3064	4108	5999	7755	10649	13125	13647	14112	14459	14801
1371	1657	1999	2722	3075	4118	6052	7778	10650	13127	13658	14114	14462	14804
1374	1659	2000	2723	3078	4121	6092	7819	10652	13128	13675	14115	14471	14808
1378	1667	2003	2727	3081	4124	6104	7823	10655	13130	13684	14117	14474	14813
1379	1681	2004	2729	3086	4126	6107	7824	10935	13131	13685	14122	14479	14820
1380	1688	2007	2730	3088	4127	6110	7826	10937	13134	13697	14125	14487	14823
1382	1695	2009	2731	3091	4129	6114	7829	10938	13137	13722	14127	14490	14833
1385	1702	2010	2736	3094	4130	6116	7830	10946	13142	13733	14130	14495	14836
1386	1703	2011	2740	3096	4132	6118	7833	10947	13144	13740	14132	14499	14839
1389	1721	2012	2743	3098	4234	6121	7903	10959	13147	13760	14134	14500	14842
1396	1728	2017	2744	3104	4237	6123	8241	11374	13152	13765	14138	14503	14845
1402	1734	2021	2752	3107	4248	6125	8286	11539	13155	13768	14140	14522	14849
1410	1742	2023	2753	3116	4250	6126	8287	11543	13156	13773	14141	14525	14854
1411	1746	2033	2760	3115	4252	6151	8291	11544	13262	13776	14143	14651	14859
1422	1749	2039	2765	3125	4255	6155	8294	11548	13264	13787	14144	14654	14862
1425	1752	2042	2773	3128	4258	6270	8297	11549	13267	13788	14146	14657	14866
1429	1756	2043	2776	3136	4261	6272	8300	11550	13269	13791	14147	14662	14869
1430	1758	2055	2778	3140	4265	6275	8588	11555	13270	13795	14149	14664	14872
1439	1759	2057	2800	3155	4271	6286	8735	11594	13275	13796	14152	14667	14880
1442	1760	2061	2805	3159	4577	6325	8770	11598	13281	13801	14153	14672	14885
1443	1764	2062	2809	3165	4579	6356	8771	11609	13286	13817	14154	14673	14886
1444	1765	2066	2812	3166	4641	6357	8773	11611	13293	13820	14160	14676	14891
1448	1768	2069	2813	3169	4645	6358	8779	11673	13297	13828	14161	14682	14892
1451	1772	2086	2817	3172	4655	6361	8783	11737	13298	13834	14252	14683	14896
1457	1788	2091	2821	3173	4684	6363	8885	11739	13300	13842	14253	14684	
1458	1791	2100	2823	3174	4724	6396	8889	11903	13302	13848	14254	14685	
1464	1793	2105	2826	3177	4729	6397	8892	11905	13305	13853	14257	14688	
1469	1796	2108	2828	3180	4750	6399	9036	11907	13308	13867	14272	14690	
1470	1804	2111	2832	3190	4781	6400	9049	11911	13310	13874	14282	14694	
1479	1806	2118	2834	3192	4785	6401	9162	11913	13316	13877	14284	14697	

Accordingly, on December 15, 1985 the principal amount of the Debentures or portions thereof so designated for redemption will become due and payable at 100% of the principal amount thereof together with accrued interest to December 15, 1985 and must be presented at the office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, Attn: Corporate Trust Department, 13th Floor, the main office of Morgan Guaranty Trust Company of New York in Brussels, the main offices of Morgan Guaranty Trust Company of New York and Commerzbank Aktiengesellschaft in Frankfurt am Main, the main office of Morgan Guaranty Trust of New York in London, the main offices of Morgan Guaranty Trust Company of New York and Credit Lyonnais in Paris, the main office of Morgan Guaranty Trust Company of New York in Zurich, the main offices of Credito Romagnolo S.p.A. and Banco di Roma in Milan, the main office of Credito Romagnolo S.p.A. in Rome, the main office of Bank Mees & Hope N.V. in Amsterdam, and the main office of Credit Lyonnais S.A. in Luxembourg for payment and redemption. From and after December 15, 1985, interest on the Debentures or portions thereof so to be redeemed will cease to accrue. Coupons maturing December 15, 1985 or prior thereto should be detached and presented for payment in the usual manner.

GROLIER INTERNATIONAL, INC.

By: UNITED STATES TRUST COMPANY OF NEW YORK, Successor Trustee

Commencing January 1, 1984 under the federal law, we will be required to withhold 20% of any gross payments to holders who present their Bonds for payment in New York, New York and fail to provide us with a certified taxpayer identifying number (employer identification number or social security number, as appropriate) on or before the date debentures are presented by them directly to the Paying Agent for redemption. Holders will also be subject to a penalty of $50 for such failure. Please therefore provide a certified taxpayer identification number when presenting your notes for redemption.

Dated: November 15, 1985

BRAZIL'S MUNICIPAL ELECTIONS

Sao Paulo sets Sarney's scope

BY ANDREW WHITLEY IN SAO PAULO

A BITTER, closely fought contest for the control of Sao Paulo, the largest city in the southern hemisphere, has transformed today's municipal elections in Brazil from what might have been an unexceptional exercise in local democracy into a full-blooded struggle for the country's political soul.

To the protagonists and their partisan supporters, the Sao Paulo election is nothing less than a contest between good and evil: pitting Mr Janio Quadros, Brazil's last popularly elected president, at the head of an anti-communist coalition against the ranks of the "progressive" left.

What is at stake is much more than just control over the city administration. For how Sao Paulo and, to a lesser extent, the other 24 state capitals vote today will undoubtedly determine the political scope for action available to President Jose Sarney over the rest of his mandate.

Opting for an appropriately lofty, presidential stance, above the noisy fray, Mr Sarney has successfully managed to avoid getting entangled in the elections.

Not so his government, based on the two-party Democratic Alliance, which has been irreparably split. As Mr Aluizio Alves, the Civil Service Minister and a close confidante of the president, admitted last week the Democratic Alliance which brought the late Tancredo Neves and Mr Sarney to power in March "no longer exists."

In Sao Paulo the Brazilian Democratic Movement Party (PMDB)—the senior partner in the coalition—is sponsoring Senator Fernando Henrique Cardoso, a left-wing intellectual, for the mayorship.

One of the brightest stars of the new political firmament and regarded as a potential future president, Mr Cardoso was known to have been reluctant to take on a tough fight which could abruptly end his political aspirations. He lacks e popular touch and is not good with crowds; but he was persuaded to run in the best interests of the party.

On the other side of the fence stands the Liberal Front Party, or PFL, the junior government partner, a still weak party with barely a year's life behind it. Along with several heavyweight government ministers and such well-known figures from the past as Mr Antonio Delfim Neto, the former economic "czar," and Mr Paulo Maluf, the losing candidate in last January'e indirect presidential election, the PFL is backing the comeback attempt of former president Quadros.

Much is at stake. Local power matters e great deal in the Brazilian political system, as it is from there that the springboards to state and federal government are built.

But under the military for the past 20 years the mayors of all state capitals, as well as another 176 municipalities designated as "national security zones," were appointed officials. Indeed, the majority of the 19m Brazilians eligible to vote this time will be choosing their mayors for the first time.

How the new electors will swing has kept the politicians on tenterhooks for weeks, although the latest opinion polls give the PMDB the lead in a majority of important cities.

But what really matters is Sao Paulo. Apart from being the largest city, with 4.8m voters, it is the PMDB's stronghold. If it were to lose Sao Paulo, the PMDB'e pretensions to establish itself firmly for the years to come as the largest party in the country, end the natural party of government, will have been dealt a serious body blow.

Former President Janio Quadros (top), Senator Fernando Henrique Cardoso.

What gives the race between Fernando Henrique Cardoso and Janio Quadros an edded dimension is the different schools of politics the two men represent. While Mr Cardoso represents the hope that Brazilian politics will mature beyond the personality and regional mire in which it remains stuck, Mr Quadros is an old-style demagogue for whom political labels have never had much importance.

His chameleon-like changes of colour attract derision from the pundits. But the fact cannot be denied that Mr Quadros is e powerful vote catcher, especially among the lower middle class of the big cities who still hanker after a strong Peron-style leader.

What his opponents do not let him forget is that his abrupt, and never properly explained, resignation from the presidency 24 years ago plunged the country into political chaos and set in motion the chain of events which led to the 1964 military coup.

The bandwagon Quadros is riding this time is anti-communism, a cause given special significance by the open participation for the first time in these elections of Brazil's smal communist parties.

In the aftermath of the return to civilian government, Brazilian politics have been disappointingly self-centred, rarely rising above the level of personal or regional interest and frequently descending into unseemly internecine squabbling.

To his constant frustration, President Sarney, has discovered that his political base in Congress is made of jelly. What many politicians therefore hope (or fear) is that the municipal elections will lead to a new shake-up of the kaleidoscope, with the emergence of e new centre party to back the president in the run-up to the much more important general elections next year.

UK, Argentina agree fish move

BY JIMMY BURNS IN BUENOS AIRES

WITH LESS than two weeks to go before a United Nations General Assembly debate on the Falklands issue, Britain and Argentina have publicly agreed on the need for a joint international effort to conserve fishing stocks around the disputed islands.

UK and Argentine officials present in Rome this week at the meeting of the United Nations Food and Agricultural Organisation (FAO) have publicly endorsed a proposal that the UN body should conduct a feasibility study of Falklands waters. The move appears to be a significant step towards the eventual setting up of a mechanism for the waters' multi-national supervision involving Britain and Argentina without prejudice to the sovereignty claims of either country.

Over the last three years the UK and Argentina have separately voiced their concern about the extent of uncontrolled fishing around the Falklands by Soviet, East European, Spanish, West German and Japanese trawlers—up to 500,000 tonnes a year according to some estimates. But diplomatic consideration has prevented a resolution of the problem.

The UK supervises a three-mile fishing zone around the islands. Only Argentine fishing vessels are also barred from a 150-mile military exclusion zone in Falklands waters which were imposed as a result of the South Atlantic conflict.

Argentina for its part has always considered its own 200-mile zone around the islands as "national territorial waters" similar to those off its own mainland coast.

By agreeing to involve the UN both countries appear to have rejected more controversial unilateral initiatives. Britain has been under pressure from the Falklands inhabitants to declare its own 200-mile fishing zone around the islands from which Argentina would be excluded. Buenos Aires, meanwhile, has been considering signing joint venture agreements with foreign vessels already operating in the area.

A draft proposal circulated among the Spanish, Portuguese, Polish, Soviet, South Korean and Japanese embassies in Buenos Aires offers these foreign countries berthing and re-supply facilities on the Argentine mainland in return for Argentine access to the exclusion zone using joint flags.

The Rome initiative is the first practical agreement between the two countries since the reciprocal lifting of financial sanctions in September 1982 and may help lower the tone of the UN debate scheduled for November 27.

WORLD TRADE NEWS

EEC seeks US pledge on steel products

By Our Brussels Correspondent

THE EUROPEAN Community is seeking assurances from the US Government that its sales to the American market of semi-finishad steel products will not be shut off by unilateral action.

On the insistence of the Community, semi-finished products were excluded from the sales restraint agreement reached with the US at the beginning of the month.

This agreement lasts for four years and sets tonnage limits for nearly all Community steel sold in the US.

Clarification of likely US action on semi-finished products is awaited before the Ten finally approve the agreement. It is understood in Brussels that the Reagan Administration has no problems with the terms of the agreement.

But when the negotiations were completed it was acknowledged that tension could arise over semi-finished products. Security of access to the American market has become important for Belgium, France, Germany and the Netherlands, all of whom hava responded to demands from US companies and increased their sales.

British Steel Corporation has an especial interest. From tha beginning of next year it is to start supplying Tuscaloosa Steel with semi-finished products.

BSC has a limited equity stake in Tuscaloosa. It is anxious to safeguard its contractual arrangements with the company.

Two other problems need to be resolved before the Community finally accepts the sales restraint agreement.

The first concerns Hoesch of West Germany which wants freedom to supply larger quantities of pipes and tubes to its US subsidiary. The European Commission is talking about the feasibility of this with Reagan Administration officials.

Second, Italy and Greece remain dissatisfied with their respective shares of the tonnages specified in the agreement. But is is believed that this can be sorted out in bilateral talks with the Commission.

Both these problems reflect the difficulty the community has in sealing restraint agreements with the US.

Community drive for common maritime policy falters

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community drive to settle a common maritime policy faltered yesterday as transport ministers found themselves bogged down in legal and technical questions.

Three hours of discussion in Brussels revealed only a willingness to have a common policy without a willingness to take the steps necessary to bring it about.

The aim is to forge a common policy, based on liberalisation inside tha Community and a greater ability to retaliate against unfair trading outside the Community, by the end of the year.

"I'm not in despair," said Lord Caithness, the junior minister in charge of shipping at the British Ministry of Transport. But, he added, "If I was a betting man I would say the odds are against it."

Attitudes on liberalising sea transport within the Community mirror those of similar debates for air and land transport, also on the agenda for the transport ministers, who have been chastised by the European Court of Justice for their failure to bring into operation a common transport policy.

Ever since the Commission last March presented a series of detailed proposals, the enactment of which would put in place a common maritime policy, it has proved easier to forge a consensus around protecting external trade than freeing internal trade.

The ministers showed their willingness to take co-ordinated action against other countries preventing EEC fleets from having free access to cargoes or permitting their shipping companies to indulge in predatory pricing.

But they failed to agree on the procedures through which action might be taken. The problem here is whether there needs to be unanimity or a qualified majority in the Council of Ministers for action.

A qualified majority would be tha quickest way of ensuring action. But Greece is against it. So is Belgium, apparently from a fear that it might be in a minority when measures would be agreed by others which could affect trade coming into Antwerp.

Luxembourg, currently President of the Council of Ministers, suggested that perhaps there could be a unanimity rule for a few years and then a qualified majority rule afterwards. That did not satisfy Belgium.

But then the UK came through with a proposal which would allow a state not to apply the common measures against a country with whom the Community had a grievance. A consensus developed around that. But no decisions were taken.

This could clear the way for an external facet of maritime policy to be put in place at another Council meeting in December. But the prospects for agreement on liberalisation looked more questionable.

Here the main issues are coastal traffic and inter-island trading. Some countries—Britain, Ireland, the Netherlands, for example—allow a vessel from another Community country to land a cargo, pick up another, and then take it to another of their ports.

This is the practice of cabotage.

But others—Greece, France, Italy—do not permit this practice. Those who are already liberal want to see the markets of the others opened up. Yesterday, they did not have much success in bringing it about.

Politely, discussion was about exemptions from the general rule. Greece would thus like to see its trade around the islands kept as its executive preserve.

Then there are strategic arguments for keeping the trade tied up.

There was an additional Greek problem too. Around 85 per cent of the Greek fleet is actually owned by companies outside the Community. As Lord Caithness pointed out, company and flag law in the UK are identical. But that is not so in Greece.

The Greek Government would like all vessels flying the Greek flag to be part of the Community policy. The question, unresolved, was how to bring this about.

But France also made it clear that there remained hostility in the country to opening up the coastal waters, so there had to be some flexibility in the Community approach to the problem.

This opens up the great divide in the Community between those pushing for liberalisations as part of the general move to a genuine internal market—like the UK and the Netherlands—and those who with varying degrees of emphasis want a cautious approach.

Thus, discussions on lorry quotas—the grant of permits to allow hauliers to pick up and deposit loads where they want in the Community—have a preordained failure.

Again on the agenda of the ministers, they reveal a gulf between the UK and the Netherlands which want them rendered unnecessary by free movement for all, and France, Germany and Italy, who want to keep the existing system provided there is no discrimination.

There is a similar disparity of approach on air transport, where the Commission has put forward detailed liberalisation proposals. Like the maritime proposals, they also entail bringing the companies within the ambit of the Community competition rules.

Textile protection Bill passes Senate

By Nancy Dunne in Washington

THE US Senate has passed protectionist textile and footwear legislation by a vote of 60 to 39, leaving its backers still seven votes short of the total needed to override an expected Presidential veto.

The legislation would slash textile imports from South Korea, Taiwan, Hong Kong and nine other nations and would limit footwear imports to 60 per cent of the US market.

An amendment, added at the last minute to attract western Senators, directed the President to initiate trade talks with copper-producing nations in an attemp to curtail worldwide production.

A Bill providing protection for textile and apparel has already passed the House.

Congressmen may take both Bills to a joint conference committee, in which case the stronger Senate Bill is likely to be acepted. Or the Senate Bill may now be introduced in the House for a quick vote.

A spokesman for the textile caucus said the additional votes picked up with footwear and copper states congressmen may lure sufficient backing to override a Presidential veto in the House.

The House passed its Bill by a vote of 262 to 159, and 290 votes are needed to override.

In the end, the pressure to resist the most protectionist Bill in years is likely to focus on the Senate. Mr Hamish Macleod, Director of Trade for the Hong Kong Commission, is one among several optimists that the President's veto will be sustained.

Japan-EEC trade gap widens

BY CARLA RAPOPORT IN TOKYO

JAPAN'S trada imbalance with EEC countries widened in tha first nine months of the year but total trade between Japan and the EEC shrank in the same period.

According to figures released by the delegation of the EEC in Japan yesterday, exports from Japan to EEC countries went down by 2.7 per cent in the nine months, while imports to Japan of European goods declined by 8 per cent.

"Thus the situation is getting doubly worse," a delegation report said.

The figures were released yesterday on the eve of the arrival of the EEC Commissioner Mr Willy De Clerq and other top officials in Tokyo for a ministerial conference with Monday's Japanese government officials on the problem of tha trade imbalance.

The trade figures for the first nine months show that Japanese exports of valne-added prodncts, such as sophisticated machine tools and telecommunications equipment, rose sharply with motor vehicle parts also showing a strong rise.

European imports which fared well in the period were fish and shellfish, up 35 per cent, and motor vehicles up 22 per cent.

Tha trade surplus between Japan and the EEC in the period was $7.58bn (£5.4bn) compared to $7.4bn in the same nine months last year.

AP adds from Tokyo: The European Community's chief representative in Japan said yesterday that the trading bloc would not be satisfied unless Japan agreed at the forthcoming high-level meeting to announce a target for increased imports.

Mr Laurens Jan Brinkhorst, head of the EEC delegation in Japan, said frustration had been growing steadily in Europe over Japan's continuing trade surplus with the Community.

European frustration with Japan's trade surpluses has grown because "very little has changed and in fact the situation has become worse," despite Japanese announcements of seven market-opening packages since 1982 and an "action programme" in July of this year.

Montedison in $150m pact with Hungary

By Alan Friedman in Milan

MONTEDISON, Italy's leading chemicals group, has concluded a $150m (£107m) five-year co-operation agreement with the Government of Hungary.

The deal, which calls for Montedison to supply chemicals and plastic matarials to Chemolimpex, the Hungarian state company, is similar to the $250m five-year import-export agreement reached last month between the Italian company and East Germany.

Under the terms of the Hungarian accord, signed in Budapest yesterday, Montedison will also purchase from Chemolimpex certain intermediate products for the chemicals and petrochemicals industries in Italy.

The new deal with Hungary reinforces existing trade ties in the chemicals sector. This year, for example, the total valne of trade between Hungary and Montedison will reach L60bn (£24m).

The Hungarian chemicals accord appears to follow closely the terms of the recent deal with AHB Chemie, the East German state company, which also signed a five-year mutually beneficial agreement, also to run from 1986 to 1990.

US chip industry loses 54,000 jobs worldwide

BY LOUISE KEHOE IN SAN FRANCISCO

THE US semiconductor industry has lost 54,000 jobs worldwide this year, the Semiconductor Industry Association (RIA), a US trade group, told the Senate Labour and Human Resources Committee this week.

The disclosure will fuel protectionist sentiment as industry leaders continue their campaign to seek government action against "unfair" Japanese trade practices.

Speaking on behalf of the SIA, Mr Michael Maibach, government affairs manager for Intel Corporation, said that employment by US semiconductor companies had fallen from 280,000 jobs in December 1984 to 226,000 last month.

That is a 19 per cent decline, compared to a decline of only 5 per cent in related employment in Japan, he said.

Providing further evidence of the impact of foreign competition on the US semiconductor industry, Motorola, the second largest US chip-maker, announced yesterday that it was withdrawing from the market for 256K Dynamic Random Access Memory (DRAM) chips due to precipitous price declines brought on, the company claims, by Japanese pricing tactics.

Motorola's withdrawal leaves Texas Instruments as the sole remaining high volume US DRAM producer.

Separately, a further signal of Washington's willingness to take action to protect the US semiconductor industry came in reports that President Ronald Reagan's trade "strike force" will recommend the president initiate unfair-trade complaints against Japan for allegedly dumping 256K DRAMS on the US market

Ford to supply trucks to China

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD WILL supply 150 Cargo trucks from Britain to China, an order worth about £2.4m at showroom prices.

This follows a visit to the UK by delegates from the Ministry of Metallurgical Industry, and Metallurgical Equipment Corporation of Peking.

During their stay, they toured the Ford factory at Langley, Bucks, where the Cargo is produced, as well as Ford research and engineering establishments in Britain.

The order, for 12.5-tonne vehicles, will be completed by the end of the year and includes an initial parts stock, service tools and workshop training by Ford in the UK.

China is buying 80 tipper trucks which will have bodies built by Telehoist of Cheltenham and 70 truck chassis to bave bodies put on them in China.

They will all be operating from one base just outside Peking on a major construction site.

Cruise line to order new ship

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ROYAL VIKING LINE, the Norwegian-owned cruise ship company, plans to order a fourth luxury ship next year at a cost of around $150m (£107m). The contract is likely to go to a European yard.

The ship will be one of several being ordered by international cruise lines

Royal Viking, owned by Norwegian Caribbean Cruise Lines, which has said it will soon order a new and larger $200m vessel, operates three vessels in the cruise market

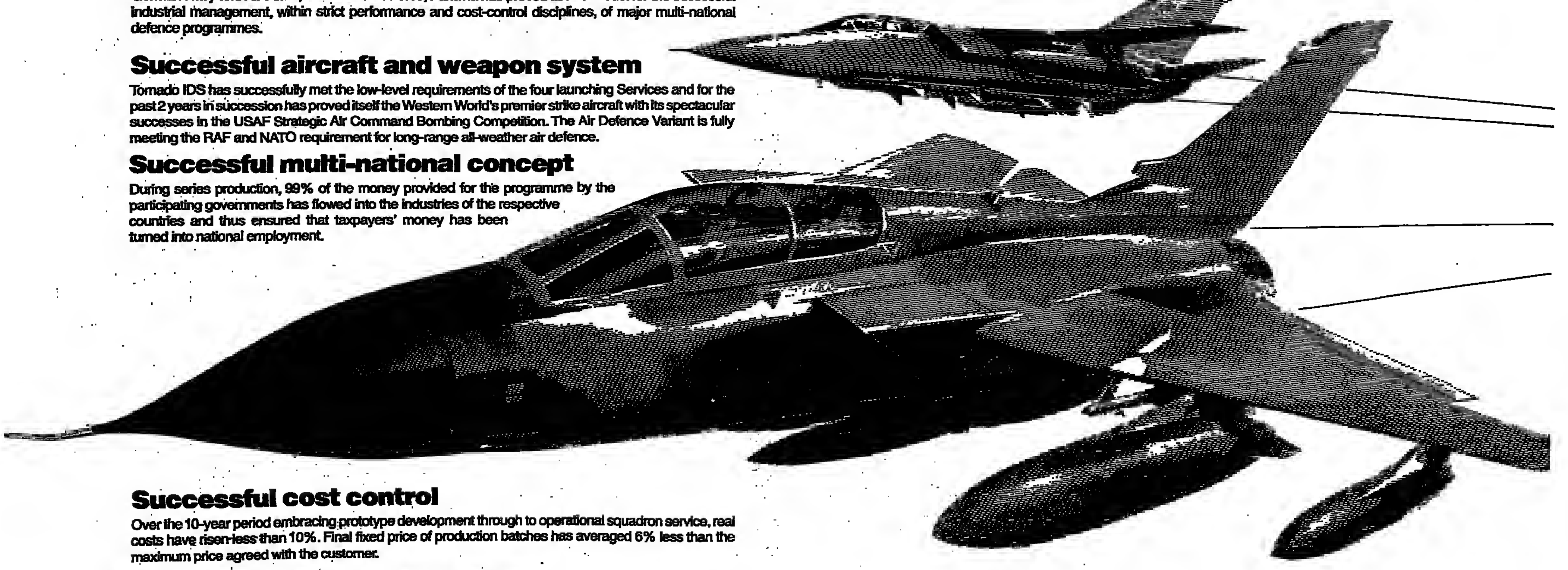
Swiss in China deals

BBC BROWN Boveri of Switzerland has won four major orders in China worth a total of $200m (£142m), Reuter reports from Peking.

The China Daily said that the company had won an order for equipment and technology for a power transmission line from the Gezhonba hydroelectric station in Hnbei to Shangbai.

In addition, it was going to help construct a power station in Panjiakou, Hebei, and supply materials and technology for a power station in East China.

The fourth order is to supply 150 diesel locomotives to carry coal from Shanxi province.



UK NEWS

GOVERNMENT TO BE BRIEFED ON AWARD OF $4.3BN US ARMY CONTRACT TO GTE AND THOMSON

Pentagon to say why Plessey bid failed

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE BRITISH Government has been invited to send a representative to a special Pentagon briefing today designed to explain why Britain lost the largest US Army contract yet opened to foreign competition.

The contract, for army battlefield communications systems, was won last week by a bid of $4.3bn from a consortium involving the US company General Telephone and Electronics (GTE) and Thomson, the French state-owned manufacturer of the Rita communications system.

The size of the rival bid, at $7.4bn, from Rockwell International and the UK company Plessey with the Ptarmigan system, shocked the British Government, including Mrs Margaret Thatcher, the Prime Minister. She had invested considerable political capital by intervening with President Ronald Reagan on behalf of the British bid in late August.

Mr Michael Heseltine, the Defence Secretary, who returns to the UK today from a visit to the Far East, has already ordered a detailed inquest into the affair.

He has demanded to know why the Rockwell-Plessey bid was $3.1bn higher than its rival and whether the British Army, which is spending at least £700m on buying Ptarmigan, is itself being overcharged.

British Government officials and Plessey have refused to comment before the results of today's Pentagon briefing are known. The US invitation to the Government, as well as to the companies involved, to attend the briefing is an unusual step and is seen as a measure of the Administration's desire to mollify one of its main European allies.

Until the results of the briefing are known, speculation as to the reasons for the disparity between the two bids is widespread.

On the official British side, the principal embarrassment is at the failure of intelligence. It would appear that neither the Defence Ministry's Defence Sales Organisation nor the Foreign Office, which in the person of Sir Oliver Wright, the ambassador to Washington, recommended that Mrs Thatcher should intervene on behalf of Plessey, had any idea of the huge difference in the bids. That was even though the best and final offers were submitted by the groups in early August.

Suggestions that the differences arose because the two consortia were asked to tender to different specifications were firmly denied by Dr Donald Hicks, US Under-Secretary for Defence, Research and Engineering, in an interview in London this week.

He said the contest had been straightforward, honestly run and the costs of the two bids very carefully analysed both by the US Army and independently by the Office of the Secretary for Defence.

Mr Hicks and British and French officials also deny that government subsidies were responsible for the lower bid.

The whole contract, which is to supply 25 divisions of the US Army, will run over 20 years. Mr Hicks said, however, that the disparity in costs arose almost entirely in the six-year procurement phase from 1985–90. Over the 20 years the bids were put at $26bn to $27bn for GTE and Thomson and $30bn for Rockwell/Plessey.

US officials say the US-French consortium had adopted a "clever engineering solution" to one of the problems involving the interface between communications systems already deployed by the US Army.

It had also made a point of incorporating as much equipment as possible that was already in use with the US Army.

It had further made sure that no more than 30 per cent of the total system would be procured from France.

The officials add that the Rockwell/Plessey bid involved many items costing marginally or occasionally – as in the case of trucks – considerably more than the rival bid.

More in dispute, but of potential importance in explaining the disparity, is the relationship between the contractors within the two groups. Whereas GTE and Thomson are said to have worked closely and well together at all levels, the relationship between Plessey and Rockwell is said to have been uneasy.

Production of commercial vehicles rises

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

COMMERCIAL vehicle production in the UK in the first 10 months was well ahead of the full-year output for 1984. But it is still open to doubt whether car production will top last year's performance and perhaps move back above 1m.

By the end of October, commercial vehicle production reached 230,100, according to provisional estimates from the Department of Trade and Industry. This compared with 224,800 for the whole of 1984 – when commercial vehicle output fell to the lowest level in 35 years.

Even if this year's production climbs back to the 1983 level of 224,500, it would still represent only 60 per cent of the peak 408,400 reached in 1979.

Commercial vehicle output in October, on a seasonally adjusted basis, was 20,300 compared with 17,400 for the same month last year. For the 10 months as a whole production was 19 per cent up on the corresponding period of 1984.

Car production last month was held back by the week's shutdown by Austin Rover to reduce stocks. Output was 70,000 last month compared with 78,000 in October 1984.

The 10-month, seasonally adjusted total was still 11 per cent ahead of the same period last year.

The recorded number of cars built in the 10 months was 889,000, well up from the 784,000 in the January-October period of 1984. While it now seems likely output for this year as a whole will top the 909,000 for 1984, it remains uncertain whether it will climb above 1m, a level reached only once since 1979.

● Austin Rover, state-owned BL's subsidiary, slipped well behind its main rivals, Ford and General Motors, in the UK car market in the first 10 days of November.

The company's share fell to 13.75 per cent, behind Ford's 22.97 per cent and 20.73 per cent for the Vauxhall-Opel group, the subsidiary of General Motors.

An Austin Rover dealer incentive campaign pulled forward some sales into the last part of October, which helped the company to end last month with e share of 19.4 per cent against 23.2 per cent for October 1984. For the first 10 months, Ford led the market with 26.05 per cent, followed by BL, 18.32 per cent, and GM 16.61 per cent.

Austin Rover expects its share in November to improve as the month progresses and the impact of the incentive campaign in October dies away.

The company's relatively poor performance had a depressing effect on the market as a whole which, according to Society of Motor Manufacturers and Traders' statistics, was down by 12.6 per cent after 10 days at 42,273 against 48,361 for the same period of 1984.

Imports took 58.87 per cent of total sales in the 10 days, up from 57.79 per cent.

Austin Rover said yesterday that awards to employees under its suggestion scheme had topped £140,000 since January. Suggestions from workers at the Longbridge factory alone had saved the company nearly £500,000.

Over the past five years Austin Rover has paid out more than £800,000 to employees for their suggestions. Last year the total was £115,000.

The scheme was widened recently to encourage employees to submit ideas for quality improvements. Winners receive gifts including colour televisions and cameras.

More jobs lost, Page 10

US group to close Scottish electronics plant

GENERAL Instruments, the US electronics company, is restructuring its micro-electronics division. It will result in the closure of plants in New York and Scotland and the loss of 300 jobs, Mark Meredith writes.

About 120 jobs will be lost with the closure of the company's semiconductor plant in Glenrothes, Fife.

A statement from the company in New York said that operations in Scotland and Hicksville, Long Island, would be transferred to the company's plant at Chandler in Arizona. Plants in other sectors of General Instruments in Toronto, and Tucson, Arizona, are also to close. The company said it wanted to discontinue low-return or loss businesses and it believed the restructuring would help short and long-term profitability.

The closure in Scotland is the most serious effect so far of the recession in the US electronics industry. Electronics provides more than 40,000 jobs in Scotland. It was one of the key new industrial drives taking over from declining traditional industries.

Most of the jobs are in large US and Japanese companies, some of which have recently announced limited rationalisation measures. The National Semiconductor plant at Greenock, in west Scotland, has temporarily frozen a £100m expansion plan and IBM's plant nearby has announced temporary cuts in the output of personal computers. Motorola in East Kilbride has been on short time recently and is seeking some limited voluntary redundancies.

Scotland has particular strength in the semiconductor area and now accounts for 80 per cent of UK output in integrated circuits and more than 20 per cent of UK production.

□ GENERAL MOTORS' vehicle replacement parts and accessories operations will take over leadership of the UK automotive aftermarket within five years, the company claims.

Mr Roy Rogers, director of General Motors Service Parts Operations-UK, forecast that its turnover would double from £200m to £400m, displacing BL's Unipart and Ford's Motorcraft operations from first and second place respectively.

Unipart, which is expected to be privatised next year, was shown as having a turnover of £360m in its accounts for 1984, while Ford's division has an annual turnover of about £300m.

□ LEADERS of the electricians' union, the EETPU, have signed another single-union agreement with a previously non-union Japanese company.

The deal with Yuasa Battery, based in Ebbw Vale, South Wales, is at present an outline agreement giving the union sole bargaining rights for the company's workforce of about 190, and for a further 300 workers who are to be employed as part of its £10m expansion plans.

□ MORE THAN 120 firms of international securities dealers have applied to join the International Securities Regulatory Organisation being formed as part of the new framework of regulation in the City of London. They include foreign bankers and brokers based in London, as well as some UK firms.

Court ends seizure of NUM's assets

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NATIONAL Union of Mineworkers (NUM) yesterday succeeded in its plea to the High Court to end the sequestration order that put control of the union's £10m assets into the hands of the court more than 12 months ago during the miners' strike.

Mr Justice Nicholls, who ordered sequestration when the NUM failed to pay a £200,000 contempt of court fine, said he would discharge the order despite a "perfunctory" affidavit of apology by the union's three national leaders from which was noticeably lacking any assurance that the NUM would obey the court in future.

He took into account the fact that the union had at last ended its defiance and, "above all, the detrimental effects – which the continuance of the sequestration would have on members of the NUM who have had no hand in the union's defiance of the court."

The ending of the sequestration will not put control of the NUM's funds back into the union's hands.

The NUM is still subject to a receivership ordered by another High Court judge and the effect of yesterday's decision is merely that the £2m of union funds held by the sequestrators – four partners in chartered accountants Price Waterhouse – will be handed over to the receiver, Mr Michael Arnold, of accountants Arthur Young.

The union will have to return to court to end the receivership. It has already complied with most of the conditions imposed by the court for ending the receivership. New trustees have been appointed, replacing the national officers who were held by the court not to be "fit and proper persons" to hold union funds.

Through the new trustees the union has begun to co-operate with Mr Arnold in resolving problems resulting from the union's decision, shortly before the miners' strike began in March last year, to transfer £8.5m of its funds abroad to try to thwart possible sequestration.

The union plans to apply in about 10 days' time to have the receivership ended. But after yesterday's hearing the receiver's lawyers said that the union's finances were in disarray and it could take several months to sort them out.

Mr Arthur Scargill, the NUM's president, Mr Mick McGahey, vice president, Mr Peter Heathfield, general secretary, and the union's national executive members, were all in court yesterday.

They heard their counsel, Mr Gavin Lightman, QC, read an affidavit in which the national officers stated: "We hereby tender the apology of the NUM for the contempt."

Mr Lightman said that it was part of the human condition that circumstances arose where a person might feel bound to act in disregard of the law and in accordance with the dictates of his conscience.

The court heard that the union's defiance had cost it about £1.4m: the £200,000 fine, sequestration costs totalling about £400,000 and receivership costs to date of about £800,000.

BR budgets for loss on passenger traffic

BY SUE CAMERON

STATE-OWNED British Rail (BR) announced yesterday that it was on course to meet its financial target of cutting support from the taxpayer by 25 per cent in the three years to 1986–87.

BR's corporate plan for the next five years shows that its grant from central Government will be down from £975m in 1983 to £711m in 1986–87, which is £2m below the target set by ministers two years ago.

The corporate plan, released yesterday, also shows that BR's InterCity passenger and freight sectors are expected to fall well short of the profit targets set by the Government in 1983. InterCity was told to aim for a £36m profit by 1988–89 and to meet the interim objective of cutting its call on the taxpayer to £86m by 1986–87.

Now, BR admits that its InterCity business is likely to make a loss of £36m in 1988–89 and to have a grant requirement of £90m in 1986–87.

BR's troubled freight sector, hard hit by the year-long miners' strike, is due to make a profit of only £16m in 1988–89 instead of the £37m profit that had originally been planned. BR said yesterday that the £316m losses made by its freight business in 1984–85 were nearly all the direct result of the strike. The sector now had an extra annual interest burden of around £30m a year.

The fact that BR has lost some freight traffic to road transport, allied to e slower-than-expected start-up of some coal mines, means that the sector's receipts are now expected to be up to £50m a year less than originally forecast.

One factor which will enable BR to meet its overall financial target – despite the poor performance of its InterCity and freight sectors – will be tha £363m net cash contribution expected from its property board over the next five years. The £363m figure is believed to be some £30m higher than was originally forecast.

Reductions in maintenance costs right across BR's network will also help the board to meet its financial target as will planned manpower cuts. Yesterday's plan revealed that total BR manpower is due to fall by 16,700 to 159,300 over the next five years. But the high level of natural wastage among BR staff will mean the board will still have to recruit about 25,000 people over the five-year period.

It is also revealed that BR is now planning a total investment programme of £2bn. So far it has been given Government approval to spend £1.1bn of this.

THOMSON
failed

US group to close Scottish electronic plant

THE GLENLIVET — DENIED BY THE KING

"Glenlivet Distillery? What Glenlivet Distillery?"

In the early 1800's, denying the existence of distilleries was o national Scottish pastime.

Oh, they were there, alright.

But all strictly illegal. You see, savage taxes imposed by the Philistines of Westminster made distilling the national beverage well nigh impossible.

Tax evasian became the anly hanourable course. The canny Highlanders took to the hills and the glens.

A whale industry flaurished. But it was completely underground. Excisemen, ar gougers, marched North, with orders to stamp it aut.

The Artful Dodgers.

But it proved a hopeless task. All measures to deter the distillers were met with ridicule.

Even a £5 reward far the discovery of a distilling pipe (ar copper "worm") did nathing to halt the flaw of whisky. In foct it was a boon far the whisky makers.

When a "warm" was worn aut, the distiller would miroculously "find" it, hand it over to the autharities, claim his reward and pramptly purchase a new one!

Such was the Highlanders' contempt far the law that it was nat even considered a disgrace to be imprisoned for illicit distilling.

Indeed, in Dingwall Gaol offenders were treated in the mildest possible way, even allowed out on Sundays and special occasions and "honourobly returned."

One prisoner even approached the governar with the remarkable proposition that they set up a still together in the gaol!

But aut of this lawlessness came greatness. The illicit dram was magnificent.

The Reverend Thomas Guthrie was a boy in 1818 ond he recalled that "everybody, with few exceptians, drank whot was in reality illicit whisky — far superior to that made under the eye of the Excise — lords, lairds, members of Parliament and ministers of the gospel and everybody else."

And the finest dram af them all was The Glenlivet.

The Sassenach Connection.

The Glenlivet distillery was started by one John Gow. Alias Smith.

Bit of a mystery, John Gaw. Indeed he hod very little option.

Having faught and lost with Bonnie Prince Charlie, he had to flee with his family in 1746 to the remote glen af the river Livet.

And to baffle the English soldiers, he changed his name from the gaelic Gow to Smith.

This is why such o Sassenach name as Smith appears on the bottle of Scotland's most venerated whisky.

There in the glen John Smith, ex-Gow, settled in the precise spot where the water and the peat were the best in all Scotland for making malt whisky. This mysterious man had stumbled upon a mysterious well. Josie's Well.

It's the water fram this well that makes The Glenlivet magical. We can't tell you why. There is no explanation. And there is no ather well that performs the same magic.

By the time John Smith's grandsan George inherited the still in 1817, the fame af The Glenlivet had spread far and wide.

"It is warth all the wines af France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordial to the system besides."

His Majesty's Pleasure.

The Glenlivet that George Smith mode even flawed in the corridors af power.

In 1822 King George IV poid an official visit to Edinburgh and Elizabeth Grant, on MP's daughter, wrote about it in her memairs: "One incident cannected with this time made me very cross. Lord Coryingham, the Chamberlain, was looking everywhere for the pure Glenlivet whisky: the King drank nothing else.

My fother sent ward to me — I was the cellarer — to empty my pet bin, where whisky was lang in the wood, mild as milk and the true controband goût in it."

Such a princely potion cauldn't stoy illegal much langer. It was unthinkoble that the King shauld ever hove ta deny that his greatest pleasure didn't actually exist!

Luckily, back ot the House of Lords, commonsense was obout to breok aut, under the influence af George Smith's londlard, the Duke of Richmond ond Gordon.

In 1823, their Lordships passed on oct which made distilling a cammercial praposition.

And the first man ta take aut o licence was our own Gearge Smith.

Plain sailing from then on you'd think. Nothing af the sort.

The neighbours' burning desire.

Although Gearge had decided to ga legal, his neighbaurs in the glen would have none af it. They regarded him as a traitor.

"The autlook was on ugly one," wrate George. "I was warned by my civil neighbours that they meant to burn the new distillery to the ground and me in the heart af it."

Such threats in the wild remoteness of Glenlivet were not idle. So for his protection, George was presented with a pair of hair trigger pistols, worth ten guineas, a gift from his friend the Laird of Aberlaur. The pistols (which still exist today) were "never aut of my belt for years.

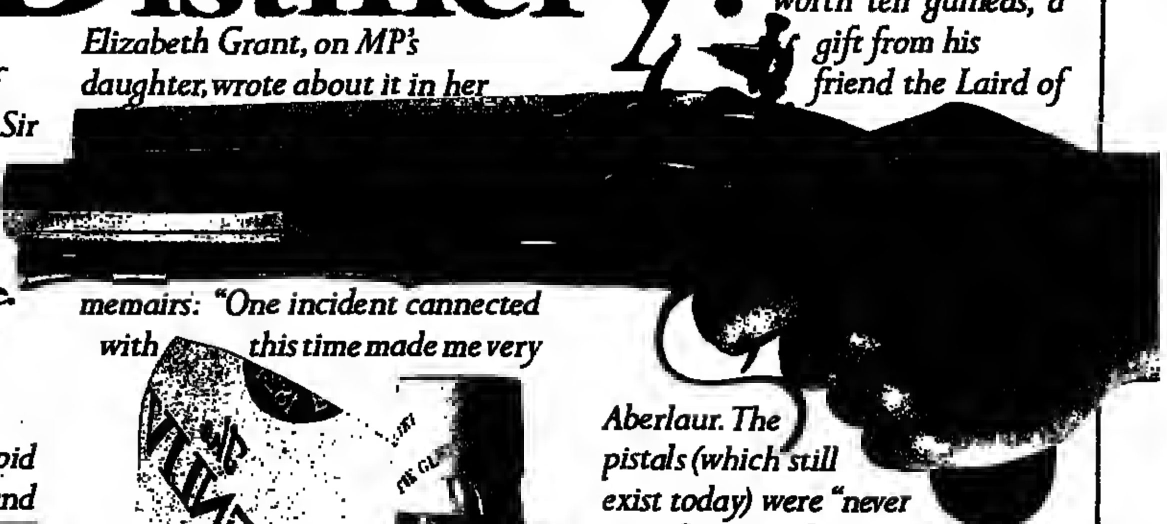
I gat together two ar three staut fellows for servants and through watching by turns every night for yeors we contrived to save the distillery."

And with it, they saved The Glenlivet.

For which we must all be thankful.

Far it truly is the benchmork for malt whisky.

The "Grandfather of Scotch."



Scotland's first malt whisky.

Companies lift capital spending in third quarter

BY PHILIP STEPHENS

CAPITAL investment by British industry recovered slightly in the third quarter of this year after the sharp fall in the three months to June. But it remained well below the bigb level at the beginning of the year.

Statistics released yesterday by the Department of Trade and Industry indicated that companies were timing their investment decisions in line with the phasing out of capital allowances announced by the Government last year.

That produced a rush of investment ahead of the 1985/86 financial year which started in April, when allowances were reduced from 50 to 75 per cent. There is expected to be e similar boom before they are cut to 24 per cent next April.

The Government forecast in its autumn statement on the economy earlier this week that business investment would rise by between 7 and 8 per cent over the whole of 1985, but the pace of growth is expected to slow in 1986.

Yesterday's figures show that capital spending by manufacturing, construction, distribution and financial industries rose by 2 per cent from the previous quarter to stand at £4.4bn in 1980 prices. Investment, however, was 7 per cent lower than the quarterly average for the first half of the year.

Total investment in manufacturing, including leasing, was worth £1.6bn in 1980 in the third quarter, up 1 per cent from the previous three months.

Separate statistics released by the department yesterday show e sharp fall in industry's stock levels in the third quarter of this year, continuing the trend seen since the recession of 1980. This trend was reinforced by the abolition of stock relief in the 1984 budget.

Stocks held by wholesalers, manufacturers and retailers fell by £110m in the three months to September, following destocking of about £270m in the first half

In the latest period e sharp fall in wholesalers stocks more than offset rises in those held by manufacturers and retailers.

The Government is relying on some rebuilding of stocks next year to meet its forecast of 3 per cent growth for the economy. It estimates that the turnround could account for ½ per cent of the projected growth in gross domestic product.

Leyland to cut more bus and truck jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A FURTHER 505 jobs are to go at Leyland Vehicles, the truck and bus subsidiary of state-owned BL, in the next three months.

Hardest hit by the move will be Leyland in Lancashire where the company intends to ask for 243 redundancies al the bus plant and a further 125 at the Spurrier engine facility.

Leyland's two other bus plants are also affected; 97 jobs are to go at Workington and 43 at Lowestoft. When the latest job cuts are completed, Leyland will have cut its workforce by 59 per cent from 28,000 to 11,500, since Sir Michael Edwardes, the former chairman, started a rationalisation programme in 1979.

Leyland last night blamed the cuts on the fall in demand for buses and coaches in the UK by 60 per cent, or 3,320 a year, because of uncertainties about plans for the deregulation of bus services and forecasts that sales would fall even further in future.

Loss of the £383m contract to revamp Bangkok's bus services played no significant part in the decision.

Mr Len Brindle, spokesman for the Amalgamated Union of Engineering Workers, said last night that redundancies by Leyland Vehicles were becoming "almost an annual event." He said it was time that the Government realised that Leyland needed help.

N. Sea 'defies speculators of gloom'

Financial Times Reporter

THE RECENT high level of offshore oil and gas drilling on the UK continental shelf is being maintained in 1985, Mr Alick Buchanan-Smith, Energy Minister, said last night.

"In the first 10 months of this year 75 exploration and 47 appraisal wells have been drilled, and 10 significant discoveries announced – more than at the same period in 1983 and only marginally behind the best-ever figures set last year," he said.

Speaking at the annual dinner of the Association of British Independent Oil Exploration Companies in London, Mr Buchanan-Smith said: "For those speculators who have recently made pessimistic forecasts that our North Sea oil will soon run out, I need do no more than point to the 1985 figures to show how wrong they are."

This year seemed certain to be one of the most successful years in the 21 years of drilling, bettered only by last year's "phenomenal" activity, he said. The UK continental shelf continued to be one of the – if not the – most attractive offshore areas in the world.

"It is astonishing to reflect that the overall discovery rate of one in five wells drilled has not varied much in two decades. In the central North Sea, oil and gas is being found at multiple geological levels, and in the southern basin gas has been found below the level of current producing gas fields. In these two areas one well in every three drilled this year has found oil or gas.

"In the next few years oil companies will begin to explore, under their Ninth Round licences, the deep water and frontier areas of the Rockall and Faeroes troughs. The first results will be eagerly awaited by the industry. But despite the excitement and expectation raised by future operations in these unknown waters it is the North Sea that continues to defy the doom and gloom commentators."

Mr Buchanan-Smith's speech coincides with a report issued by energy consultants Gaffney, Cline, which confirms that north-west Europe is among the most active offshore exploration and drilling petroleum areas in the world.

Charles Batchelor looks at the rise of ginger groups against big business

Protestors take a share in the action

WHEN Sir Michael Edwardes, chairman of Chloride, the British hattery maker, opens his company's annuel meeting he can be fairly certain that Dr Maurice Gillihrand, a former director of research, will be sitting in the hall.

When Mr Ken Siddle, chairman of European Ferries, the cross-Channel operator, meets his shareholders next June he will be surprised if Mr Serge Lourie, an accountanl and SDP councillor for Richmond, is not among his audience.

And when Mr Patrick Sheehy, chairman of BAT Industries, the tobacco-hased conglomerate pauses to light up his traditional State Express 555 at next year's annual meeting, he can be pretty certain that a representative of the World Development Movement will start to question BAT's cigarette marketing policies in the Third World.

Dr Gillibrand, Mr Lourie and the World Development Movement (WDM) which lobby on trade and development issues, have all three orchestrated shareholder action campaigns against major British companies in an attempt to influence their policies.

None would claim their efforts alone have achieved a great deal. But their persistence and that of others like them can focus the spotlight on sensitive issues. A vociferous action group is capable of causing company directors considerable embarrassment at the annual meeting, usually the only time that a board meets its shareholders face to face.

If tha Government's attempts to bring Britain closer to share-owning democracy are successful, companies could find more and more of their shareholders uniting to form ginger groups to criticise their boards.

Significantly, British Telecom has already spawned a shareholders' action group, calling itself the BT Circle. BT added 1m first-time shareholders to the existing share-owning population of 2.6m when it was privatised last November.

Organised shareholder action groups are not a new development. Several have waged campaigns on both broadly ethical and more narrowly commercial issues in recent years.

Brooke Bond, the tea and foods group which was taken over last year by Unilever, faced strong criticism from the WDM through mucb of the 1970s for the pay and working conditions of its tea estates.

Barclays Bank has long had to live with criticism of its involvement in South Africa. Two recent annual meetings of RTZ, tha mining group, ended in scuffles between stewards and a small group of shareholders opposed to its involvement in Southern Africa.

The latest wave of protests have come, paradoxically, at a time when private investor participation in stock markets (before the privatisation of BT) had fallen to new lows.

But the sheer weight of the institutions and their unwillingness publicly to criticise company boards (whatever they may do behind the scenes) have produced frustration among many small investors.

Shareholder action groupa are tender plants and they have usually withered once e particular campaign has ended. This time, however, there are signs that the disparate groups are starting to build up a body of experience which they are prepared to share with others.

As the protesters are organising themselves more effectively the companies too are sharing their experiences. The puhlic affairs departments of large companies have become very sensitive to issues which might prompt shareholder criticism.

Some recent shareholder campaigns illustrate the diversity of the British action groups and their achievements.

● The most successful shareholder revolt of recent years forced European Ferries to modify proposals aimed at restricting the availability of cheap ferry sailings to shareholders. Some 60,000 people bought Euroferries shares in just three years, attracted by this shareholder perk. They threatened to swamp the number of conventional investors in the company. A rowdy and confused shareholders' meeting voted the original plan down in June 1984 and this decision was confirmed by a count of the proxies cast by absent shareholders.

"I felt the small shareholders were being done out of their rights," saya Mr Lourie, a leading light in protest action. "There was e lot of opposition to the company's plans but people were disorganised."

Euroferries' Mr Siddle, however, is sceptical of the role of the action gronp. "We did not bend to their will," he says. "It was Mr and Mrs Average writing in which persuaded us to change the scheme. We got more than 600 letters."

● It was the culmination of e 14-year campaign for Dr Gillihrand when briefly, at last July's annual meeting, he was voted on the board of Chloride. But after a rapld count of the proxies, an embarrassed Chloride hoard was able to announce that the show of hands had not been confirmed hy the mass of shareholders.

Dr Gillihrand has been a constant critic of Chloride since he left the company in 1971 after a 20-year career during which he rose to head its research team.

In 1983, when the company failed to pay a dividend for the third successive year, several shareholders approached Dr Gillibrand after the annual meeting and asked him to co-ordinate their activities.

● Dunlop, the hard-pressed tyre and rubber products group, aroused the wrath of many of its shareholders with its plans to restructure its tottering financies in late 1984.

The Dunlop small shareholders' association argued that the holdings of existing shareholders would be excessively diluted by the issue of new shares which, it said, were being offered too cheaply.

The wrangle between the association and Dunlop's board, then headed by Sir Michael Edwardes, was dramatically interrupted hy a £101m takeover bid from BTR, the indostrial conglomerate.

Professor Robert Pritchard, of the genetics department of Leicester University and the maln force behind the association, believes hls group's pressure achieved very limited results.

"We got a good airing of some important issues," he admits. "But without the BTR bid we would have got very little."

● Brooke Bond came under strong pressure about the conditions of its tea workers following e World in Action programme: "The Cost of a Cup of Tea" in 1973.

This theme was argued at the company's annual meetings throughout the decade by the World Development Movement, which is funded by its members, the churches and development aid charities.

"Our pressure concentrated their minds on the problem," says Mr John Mitchell, director of the movement. "They were very conscious of their public image. They made definite attempts to do more in areas such as child nutrition."

Sir John Cuckney, who took over as Brooke Bond chairman half-way through the campaign is adamant, however, that the company had made no concessions.

"We always believed we were most advanced in our efforts to improve conditions."

Shareholder action groups face major difficulties in getting their case over. They lack time, money and organisational skills. Their adversaries, the boards of companies, usually have ample amounts of all three.

● Getting in touch with other shareholders and co-ordinatlng criticism of a company takes time. Shareholders' meetings are normally held in London during business hours so action committees tend to attract the very committed, the retired or people working part-time.

"It was a very taxing exercise. I would not get involved in another action group," says Prof Pritchard. "I work only part-time and fortunately the meetings came just after the Christmas vacation."

● Money. Buying a copy of Euroferries' share register, writing to and telephoning shareholders and travelling to meetings cost around £2,000, Mr Lourie estimates. Action gronps like these depend on contributions from other interested shareholders.

The Dunlop shareholders' association made savings by paying just £20 for a print-out of the names and addresses of holders of more than 5,000 shares compared with the £400 that a complete list would cost.

● Organisation. Rallying even a few hundred shareholders from a register of tens of thousands is a formidahle task. Annual meetings provide a useful focus, however. Most groups are formed by angry shareholders gathering to talk after a meetiog.

Shareholders frequently complain they are bampered by the Companles Act rules which lay down how resolutions must be submitted and meetings called. For this reason professional people are much sought after as members of action gronps.

Groups such as the WDM, with its own full-time staff are less troubled by these barriers but they, too, face problems getting sufficient backing for their actions.

Despita the growing role of the small shareholder, many stlll feel shut out from any influence on the affairs of their company by an exclusive City circle of company directors, institutions and banks.

"The City is a very close-knit community," says Professor Prichard. "It is a very inbred self-supporting system which regards small shareholders as a nuisance if they get uppity."

The action groups say the City institutions — the pension funds, insurance companies and other fund managers whose large holdings can sway a board — show little interest in their battles.

"Action groups tend to be a hloody nuisance," comments one fund manager. "They can he very difficult to deal with in practice even when we share their views. The last thing we want is meetings with individual shareholders. We don't have the time."

Do the action groups damage a company's image with the City or with its customers?

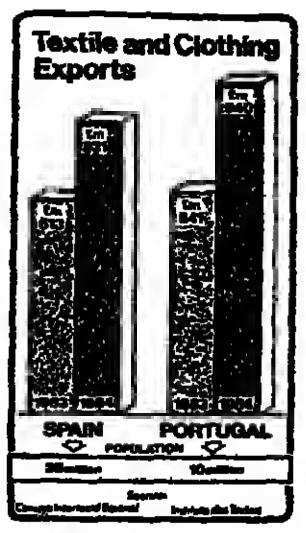
"There are some institutions at the margin which are not totally happy with having a holding in a company where the AGM develops into a near-farce," says Sir John Cuckney of his experiences at Brooke Bond. Sir Michael Edwardes goes further. He believes the activities of the Chloride action group have wiped several million pounds off the company's market value.

Despite their patchy record in effecting change shareholder action groups seem set to grow in importance. The small shareholder is becoming less willing to tolerate what he sees as the unduly cosy relationship between his company's directors and the City.

TEXTILE INDUSTRY AND THE EEC

Why Spain worries but Portugal is eager

By Anthony Moreton, Textiles Correspondent



FERNANDO MARQUES, a director of textile producer Finicisa, sits in his office in Portalegre, 100 miles from Lisbon on the border with Spain, and counts the days to January 1 when Portugal will join the Common Market.

"Entry will be a tremendous boost for our industry," he says. "Wa have been exporting to the Community against all the odds for the past 10 years. Wa have had to cope with quotas and voluntary restrictions on our goods. From January all that will stop. We shall have freedom of access."

Four hundred miles further on to the north-east, just outside Barcelona, Mr Jose Puiadas, head of Estebanell y Pahisa, a cotton spinner, is cautious to the point of pessimism.

"The Spanish textile and garment industry has to face the challenge of integration into the EEC under very difficult conditions. The world economic crisis has affected Spain more intensely than many othar countries."

Two countries' textile industries, two very different views of entry to the Common Market. One looks forward in anticipation, the other contemplates it with apprehension.

"Portugal sees entry as an opportunity, Spain as a potentiel problam," says Mr Ian Fleming, head of Nurel, the Spanish affiliate of ICI. "The difference is remarkable."

The difference reflects attitudes towards foreign trading. It also reflects the structure of the respective industries.

Portugal has always had a vigorous overseas trade for its fabrics and clothes. Maconde, subsidiary of the Dutch concern Macintosh, employs 2,000 people in four plants outside Oporto producing more than 17,000 garments a day for sale in the rest of Europe.

The Spanish industry, by comparison, is insular in outlook, having been protected

5 per cent of its output goes abroad and imports account for just 10 per cent of consumption.

EEC membership, which will involve the dismantling of high tariff walls and greater competition from imports, will therefore be a great shock to the industry. Spain has the fifth largest textile industry in Europe, employing 340,000 people — and closures are inevitable.

Spanish industrialists are aghast. "The opening of our market to imports is a commercial and economic revolution," according to Mr Salvador Maluquer, general secretary of Consejo Intertextile Espanol, the industry confederation.

"Spain has always had high tariffs. As these come down and as VAT is introduced our competitiveness will be undermined. Our exports are likely to be 8 to 10 per cent less competitive as a result of EEC entry.

"Imports will then become cheaper and our own goods dearer."

Mr Migual Bosser, chairman of Bosser, a woollen-goods producer, claims that the introduction of VAT alone could lead to a cut of 20 per cent in Spanish exports and jeopardise 20,000 jobs. Spanish exporters get tax relief on overseas sales: from January this ends.

Spain has made sterling efforts to put its house in order ahead of EEC entry. In 1981 the Government introduced an action plan by which some £650m has been pumped into the industry. The aim was to boost productivity by 60 per cent (to 83 per cent of the EEC level) by 1986.

by European standards," says Dr Agustin Mila, the country's International Wool Secretariat director. "It is plagued with short production runs, low productivity, high absenteeism, rising wage costs and dear stock financing."

Portugal's great strength is low wages. The annual European survey of textile costs conducted by the Werner organisation in Brussels shows Portugal near tha bottom of tha league, paying on average \$1.28 an hour compared with \$3.87 in Spain and \$7.54 in West Germany.

"The truth is," says one overseas industrialist who understandably wants to remain anonymous, "that Portugal is very much a Third World country. Its wages are lower than those in South Korea, Hong Kong or Taiwan."

The Spanish industry remains uncompetitive by European standards, while Portugal's great strength is its low wages

As a result new investment has continued at a high level, making Portugal a force in northern European markets.

Portugal has its eyes in particular on the Spanish market. "We have lived back to back with Spain for 800 years without ever talking to them," says Mr Orlando Lopes da Cunha, managing director of Supercorte. "This ridiculous situation is about to end.

"In four years we shall sell more to Spain than to any other country."

Mr Da Cunha is worried, like most other Portuguese industrialists, at the lack of financial and commercial discipline in the country and sees the EEC as a means of imposing economic order.

"The Government is killing the industry's ability to expand through high interest rates. It

machinery."

The hope is that the EEC will open doors for Portuguese textiles and clothes. "It will force us to reorganise our structure, as we should have done 10 years ago when the political revolution occurred," says Mr Bartolomeu Monteiro, of the Textila Institute. "We see a profitable future in the EEC."

No such thought brightens his counterpart in Barcelona, Mr Maluquar. Not only do we have to contend with EEC antry but we also face a flood of cheap goods from the Far East at the same time if the Multi-Fibre Arraogement eases the restrictions on the low-cost countries."

The MFA is the world accord which controls a large part of international trade in clothes and textiles. It runs out in July 1986 and is now being renegotiated. The common assumption is that it will be applied more liberally in future, allowing goods from Sri Lanka, Indonesia and the Philippines much greater access to the high-income European countries.

"Entry into the EEC will be difficult enough," Mr Maluquer says, "but to have to contend with cheap Far Eastern goods as well will be catastrophic. If anything, we are much more worried about the MFA than about the Common Market."

Mr Abelard Villardel, director of Instituto Internacional Algodon, the Spanish cotton organisation, points out that although the industry has been heavily pruned since 1974, there will be further casualties.

"But there is no other way. Spain must be part of a modern Europe. We must adjust. It ... simply has to

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Industrial relations

Esso comes up to scratch

David Thomas explains how the oil group beat its construction targets

ESSO'S sparkling new £400m chemicals plant at Mossmorran in Fife has just started to prodoce its first ethylene. It was completed five months ahead of schedule and 5 per cent below budget.

These are remarkable achievements for Britain's notoriously prohlem-strewn engineering construction industry. But perhaps Esso and its main contractor, Lummus Crest, can feel most proud of the industrial relations record on the site.

Productivity was a fifth better than budget. Industrial disputes ate up only 1.2 per cent of total man-hours—about a third the level expected on such a project, based on past iodustry experience. And there was no fatality or disahling accident in close on 20m man-hours of work.

So when Lummus Crest boasts of "probably the best industrial relations record of any major UK construction project," it's more than the usual hype of a contractor in search of new work.

How was it done?

One factor working in the site's favour was a deal of goodwill. Kris Waran, Esso's industrial relations manager on site, who lived with the project for 7½ years, says: "It was a chance for the engineering construction industry to show to clients that hig projects could he built to time and cost in Britain. So a lot of people were willing us to succeed."

Those people included national union officials who needed a success as hadly as the management after the construction fiascos of the 1970s such as happened at the Isle of Grain power station and a number of nuclear power stations.

This goodwill could build on a more tangible asset, already much praised—the 1981 national agreement for the engineering construction iodustry, which has also helped performance on other major sites.

The agreement hrought order where previously chaos reigned by laying down standard rates, allowances and so on for the construction of nominated projects falling under the agreement. It specifies a detailed procedure for resolving disputes, culminating in a joint union-management National Joint Council.

BRITAIN compares poorly with other countries when it comes to completion times for large construction projects. Mossmorran took 44 months to build; overseas, according to the Mossmorran management's own figures, comparable sites take 24-29 months.

Some factors behind this gap are ontside the control of contractors. Bad weather will always add time to schedules in Britain, unlike in the Middle East, for instance.

Speed can also be pursued at the expense of other objectives. Lummus Crest says its main priorities at Mossmorran were quality and safety; then came the budget; and finally the speed of construction. Other contractors in other countries might have different priorities.

Britain shares with some other countries, but not all, a dearth of orders for large sites in recent years. Esso and Lummus Crest found there was an insufficient pool of trained labour in the immediate areas to draw on. In parts of North America and the Middle East, in contrast, teams have moved from one large site to another.

Finally, there are problems, peculiar to Britain, which could be improved by contractors in the future. Despite the industrial relations improvements, absenteeism at Mossmorran was still 9 per cent, about par for the course for large sites.

But the national agreement is only half the picture. Geoff Berry, industrial relations manager for the main contractor, Lummus Crest, argues: "Anyone who tells you that a national labour agreement makes the fundamental difference between success and failure is telling you hit of a atory."

Waran, for Esso, descrihes the national agreement as the "base on which we could be creative." The decisive factor, in Mossmorran's success, be reckons, was creative management.

A sign of how seriously Esso treated the industrial relations prohlem was the appointment of Waran well before any earth was moved at Mossmorran. His plan for industrial relations at the site was based on visiting and analysing the prohlems of 16 large construction sites in Britain.

This approach won applause from the unions. "The time taken before the recruitment of people was crucial. It was very well planned from the start," says Peter Young, Dunfermline district secretary for the Transport and General Workers' Union.

More hard-headed ways of overcoming the construction worker's traditional disdain for his employer were used, too. One was a strict emphasis on safety, with techniques ranging from a rigorous safety audit system to prize draws (free holidays and cars to be won) from among those workers in areas which completed a set period without an accident.

● **Them and us.** Waran and his opposite number at Lummus Crest set out to eliminate the "legacy of mistrust" that characterised staff relations on major sites.

So there were single status huses into the site and canteens once workers got there. There was a common induction programme for the staff and the manual workers. All workers were paid hy cheqne, with hanks laying on cash points on site.

Attempts were made to make the construction site seem as much like a normal workplace as possible. Family open daya were laid on, with 14,000 people attending in the peak year.

Equally important was managing the rundown. Traditionally on large sites, this has been a time ripe for go-slows and strikes as the workers have seen redundancy looming once the project is over.

Lummus Crest and Esso responded by setting up a Job Information Service on site which placed some 60 per cent of the workforce in new jobs.

"It didn't cost us much money, but it meant a lot in terms of goodwill," Waran says.

● **Standardisation.** There have been 120 different employers, eight different unions and five different labour agreemeots on some large sites.

"The ahility to get consistent messages up and down that structure was minimal," Waran says.

The 1981 national agreement was a great help in introdncing atandard pay and conditions, but Esso went further. In order to avoid a multitude of subcontractors, it decided that Lummus Crest should hire all staff, except those doing site clearance and preparation, building and thermal insulation work.

So Lummus Crest directly employed ahont 3,000 of a peak labour force of ahout 4,000. In addition, Lummus Crest and Esso opted for a fixed productivity allowance, rather than an incentive honus scheme.

● **Discipline.** Lummus Crest and Esso decided that a consistent view on discipline would help to curh the unofficial stoppages which have marred large sites.

Early on, Waran recalls, there was a token stoppage on a Thnrsday. "Everyone received a telegram saying they were in hreach of procedure and they were therefore suspended for Friday as well."

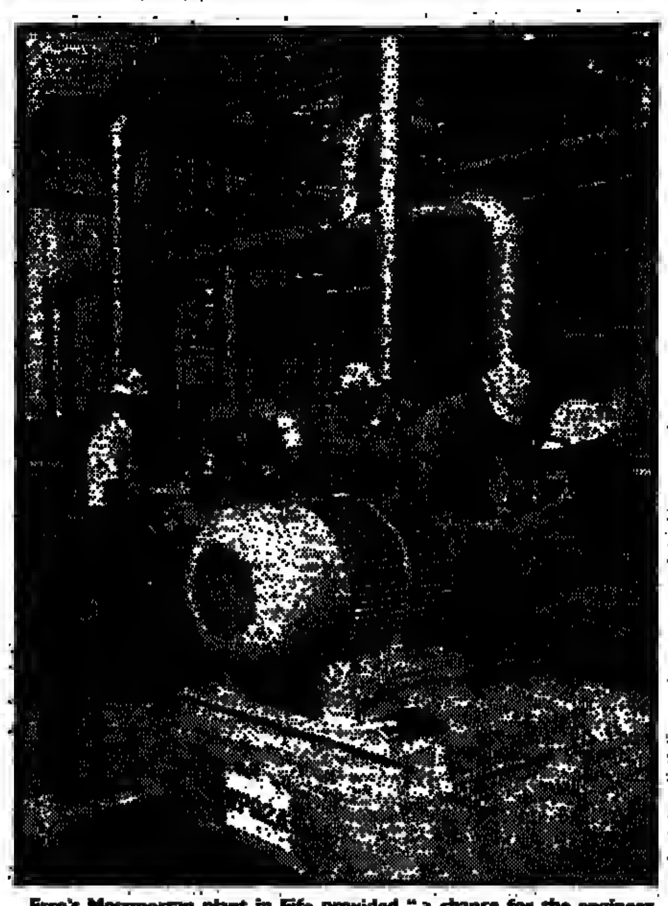
Management adopted tha principle that no concessions should be gained from unofficial strikes. Waran says: "The nnion officials were with us. They told us they had heen saying for years that management was not prepared to tackle unofficial strikes."

"Mark of respect" days were tradidonal on large sites. The whole workforce would stop work for a day whenever anyone connected with the site died, even if the death was off-site and from natural causes.

At Mossmorran, a deal was struck with the local unions whereby when someone died, people genuinely connected with the dead person could have time off to go to the funeral, and there would be a site collection, matched by the employers. But there would be no general walkout.

Esso says there were 21 deaths during the project, all from natural causes, and the agreement broke down only once.

● **More stress on supervisors.** The Mossmorran management believed that supervisors had lacked standing and status on large sites in the past. Because of the complex bonus systems, for instance, supervisors had on occasions been paid less than the men they supervised.



Esso's Mossmorran plant in Fife provided "a chance for the engineering construction industry to show that big projects could be built to time and cost in Britain"

So Lummus Crest and Esso hit on a package of policies for supervisors unusual in the construction industry. Supervisors got a 15 per cent pay differential. Each foreman had a four-week training course. A one-to-eight supervisor to crew ratio was in force throughont the sites. Each supervisor's performance was assessed every six months. And supervisors got together for regular "group circle discussions."

● *Involving union officials.* Lummns Crest and Esso huilt npon the greater involvement of union officials implied by the national agreement.

Local union officials were invited to talk to new recruits at all induction courses. Since many did not have the time the companies gave the unions money to make a tape for the induction programme.

Peter Young, for the local TGWU, supports the management's claims: "They went out of their way to tell the unions what was happening."

Overall, therefore, the Mossmorran industrial relations strategy was a mixture of stick (firm discipline) and carrot (the type of progressive personnel policies not usually associated with such a macho industry).

Ironically, in [illegible] the back of the industrial relations prohlems, the Mossmorran management has removed "trouhlesome unions" as the main excuse for Britain's poor performance on large sites.

Meanwhile, Esso has carried *over some of* the lessons from the construction phase to the running of its new plant. All the 330 workers—from clerical staff, through computer operators, to the multiskilled craftsmen—have the same status. The administration hlock, which inside looks more like a pit of the Pompidou Centre than a chemical works, houses both "clean" and "dirty" functions: computer control and workshops.

Yet there is one striking difference from the site during its construction. The Esso plant is now non-union. Esso says it is not against the workers being union members, hut neither will it encourage them. Waran argues: "We are not going to sign up members for the unions."

Management abstracts

Why simple is best in manufacturing. R. Baxter in Prodnction Engineer (UK), July/August 1985 (2 pages).

Some sound commensense is displayed in a report into the use (or non-use) of compnter-integrated manufacturing findings include a general misunderstanding of what Cim means, and a generally unthoughtful rush to instal such manufacturing technology without "tackling business from first principles." Accuses—*along the way*—the press and the vendors for overwhelming managers, and proposes its own—simplified—approach, that does not rule out Cim, hnt ensures that its need is estahlished in the first place, and proper planning is done prior to implementation.

Plain speaking. W. D. St John in Personnel Journal (US), June 1985 (8 pages).

Offers advire on face-to-face dealings in situations such as introducing change, saying "no," criticising, apologising and praising— stresses the importance of interactive dialogue —*listening* and *recognising* body language as well as speaking.

Executive counselling. S. W. Gellerman in Personnel (US) June 85 (6 pages)

Outlinea ways of identifying technically-brilliant, hardworking, but managerially-inadequate executives and suggests a counselling/behaviour modification approach (conducted ideally hy an "outsider" counsellor) to encourage change as an alternative to doing nothing or dismissal. Points to conditions necessary for success, and how organisational resistance can be overcome.

On the horns of a personnel dilemma. J. R. Andrews in Personnel Journal (US) June 85 (7 pages)

Suggests that human resources managers are occasionally confronted by dilemmas in their dealings with people (unpleasant situations from which all escapes are unsatisfactory); presents six common examples, such as being an ally of management or an advocate of the employee, and the conflicting demands of integrity versus flexibility, and discusses how to handle them.

Fear of making a speech. J. Garner in Performance (Hong Kong) June 85 (3 pages)

Remarks on the genuine fear of making a fool of oneself; to avoid that, offers advice on how to prepare, e.g. hy committing oneself and analysing one's andience; how to structure, the presentation (advocates sparing use of audio-visual material); and how to deliver a speech, exploiting—for instance—eye contact.

Reality Shock. R. A. Dean + others in Personnel Administrator (US) June 85 (5 pages)

Contends that reality shock strikes when a new employee's job expectations are not borne out by the reality of the job, its context and its potential; drawing on supporting survey evidence, briefly considers causes, effects, implications and how to reduce it.

Who trains recruiters? P. Crofts in Personnel Management (UK) July 85 (4 pages)

Argues the need for formal training for senior managers involved in selection interviewing, while warning that decision-making often stems from a "gut-feeling" that comes with experience. Looks at the training needs of people engaged in graduate recruitment, of recruitment agency staff, and of employment consultants; tabulates details of courses currently availahle.

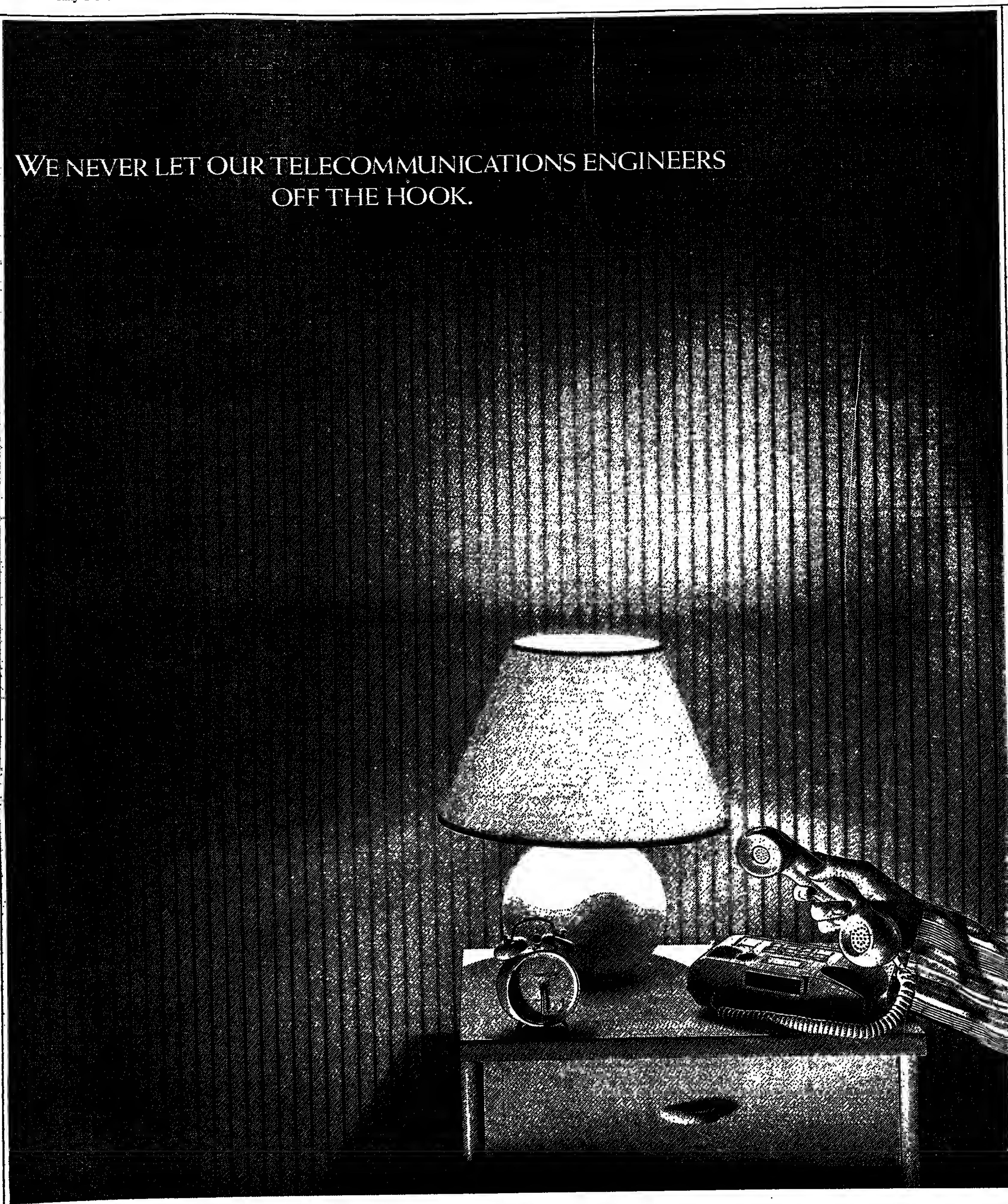
Redncing employee absenteeism. R. H. Ward and N. A. Hirsch in Personnel (US), June 85 (5 pages)

Describes an absence control programme operated by the University of Illinois in Chicago which—based on comprehensive, automated, sickness absence data collection — enahled management to identify the 10 per cent "worst" and 10 per cent "best" employees and send them, respectively, letters of "concern" and "commendation." Claims this approach, allied to a change in the state sick pay regulations, to have been effective.

Corporate giving: a look at the arts of business ethics. Netherlands). June 85 (8 pages)

Reviews the development of corporate support for the arts, particularly at a time when central governments are keen to control and cut hack their own expenditure. Examines successful US approaches which inclnde contributing 5 per cent of pre-tax corporate income to community projects, and tax deductihle gifts. Quotes initiatives by Citibank (sponsorship of the New York Philharmonic Orchestra) and Dayton-Hudson (retailing) among others. (Heavily geared to the US, for instance in the tax considerations.)

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.



WORKING FOR GEC RELIANCE AS A SERVICE ENGINEER CAN BE A PRETTY DEMANDING JOB.

SIMPLY BECAUSE WE MAKE SOME VERY UNUSUAL DEMANDS OF OUR PEOPLE.

OUR COMPETITORS, WE FEEL, PLACE AS MUCH IMPORTANCE AS WE DO ON INSTALLING EQUIPMENT. BUT RATHER LESS WHEN IT COMES TO LOOKING AFTER IT.

SOME, IN FACT, DON'T EVEN LOOK AFTER IT AT ALL. PREFERRING TO SUB-CONTRACT THE WHOLE JOB TO ANY TOM, DICK OR HARRY.

AT GEC RELIANCE, HOWEVER, IT'S REASSURING TO KNOW THAT WE'RE ON HAND TO HOLD YOUR HAND ONCE THE SALE HAS BEEN MADE.

WE MAY NOT BE PERFECT, BUT YOU'LL CERTAINLY FIND US AT THE END OF THE TELEPHONE 24 HOURS A DAY. 7 DAYS A WEEK. 365 DAYS A YEAR.

YOU WILL FIND US OPERATING IN THE AREAS OF TELECOMMUNICATIONS, ADVANCED COMPUTER BASED BUSINESS SYSTEMS, SECURITY, COMMUNICATIONS AND CONTROL EQUIPMENT.

YOU'LL ALSO FIND THAT A LOT OF VERY SUCCESSFUL COMPANIES LIKE THE GEC RELIANCE WAY OF DOING BUSINESS.

EXACTLY WHY IS SOMETHING THAT IS EASIER FOR THEM TO PUT INTO WORDS THAN US.

SO WE'VE PUT TOGETHER SOME OF THEIR EXPERIENCES FOR YOU ON A CASSETTE ENTITLED "GEC RELIANCE AS OTHERS SEE US." THANKS TO MESSRS. DAVID FROST AND WILLIE RUSHTON, THIS IS FAR FROM BEING YOUR USUAL RUN OF SALES PATTER THAT'S GUARANTEED TO SEND YOU TO SLEEP.

IT'S ENTERTAINING, INFORMATIVE, AND IT'S ABSOLUTELY FREE.

IF YOU WOULD LIKE A COPY, THEN SIMPLY WRITE TO JULIE BARNARD AT GEC RELIANCE, TURNELLS MILL LANE, WELLINGBOROUGH, NORTHANTS NN8 2RB.

OR PHONE 0933 227122.

GEC RELIANCE.
WE'VE BEEN GOOD FOR BUSINESS
FOR A VERY LONG TIME.

THE PROPERTY MARKET BY MICHAEL CASSELL

Church sells to Stockley

STOCKLEY, the rapidly expanding property development and investment company which is still sitting on its 26.5 per cent stake in Stock Conversion, has pulled off another major property coup.

The company has beaten about half a dozen other competitors to the post with a bid of just over £80m for a long leasehold interest in the Paternoster Square office and retail complex in the shadow of St Paul's Cathedral.

The deal is expected to pave the way for a full-scale redevelopment of the 4.5 acre site, one of the most sensitive locations in the City of London. Stockley believes that it can win consent for a scheme from the City Corporation, providing it comes up with something special. Planning is likely to take up the whole of 1986 but a start on redevelopment could possibly begin in 1987.

Included in the Paternoster package are five office buildings, a shopping precinct with 45 retail units and an underground car park. The sale will also include the adjoining Sheldon House office building, which did not form part of the original Paternoster project. The total office space is thought to be around 600,000 sq ft and the largest tenant is the Central Electricity Generating Board.

The existing complex was developed at a cost of around £8m in the 1960s on bomb-damaged land in the precincts of the Cathedral. The development consortium was headed by the Church Commissioners, the freeholders. The other partners, who have remained joint-owners of the long leasehold interest, are Laing Properties, Wimpey Property Holdings and Trafalgar House.

The original development partnership, which in 1960 was granted a 150-year lease on the land, was liquidated in 1980 but the partners retained their respective interests. Earlier this year, Chestertons were asked to find a buyer for the devlopment.

A short statement issued yesterday said that Stockley, which has recently issued huge amounts of paper to pursue its ambitious expansion programme, will finance the acquisition partially from its own resources and partially through its joint partners in the development project.

Michael Broke, chief executive of Stockley, said that he could not yet identify the partners who had jointly submitted the winning £80m bid. It is understood, however, that the partnership arrangement is likely to follow the lines adopted by the company in the redevelopment of Unilever's head office in the City of London.

Under that partnership, Unilever retains the freehold and Stockley, together with other funding and development partners, will meet the costs of the redevelopment project. On completion the building will be let and sold to an institution. All parties will then recover their costs and any surplus will be divided among the consortium members.

It is understood that Stockley's bid might not have been the highest received, but that the Church Commissioners were anxious to choose a developer who could do full justice to the location. For its money, the Stockley team is being given a 250-year lease on the site at a fixed rent of £1,000 a year.

Michael Broke commented: "Everyone agrees that the present development is a bad one. We are seeking a comprehensive redevelopment which will provide the sort of environment which such an historic site deserves. We hope we can co-operate fully with the City planners to create something very special."

Stockley may well find the path to planning consent considerably easier than might, until recently, have been the case. The City's proposals to clamp down on further office development has met with a barrage of complaint and criticism. Recent comments from the planners suggest that fears about losing major financial occupiers, who have been increasingly unable to find suitable accommodation in the Square Mile, have led to a rethink of restrictive planning policies and a softer approach.

Redeveloping under the nose of Sir Christopher Wren's greatest architectural masterpiece will not necessarily be an easy challenge, but Stockley would seem to have as good a chance as anyone in producing a financially successful, and environmentally pleasing, solution.

Channel link team forms property arm

FIVE OF Britain's largest construction companies are forming a joint property company to take advantage of development opportunities should a fixed link be built across the Channel.

The five, Balfour Beatty, Costain, Tarmac, Taylor Woodrow and Wimpey, are already partners in Channel Tunnel Group, an Anglo-French consortium bidding to construct a privately financed twin rail tunnel under the Channel.

Four schemes, including Channel Tunnel Group's have been submitted to the British and French governments which propose to announce by mid-January which of these, if any, will go ahead.

There is expected to be a big increase in demand for commercial and industrial premises in Kent if a fixed link does go ahead. Companies will want to be near to the mouth of a tunnel or bridge in the same way that businesses anxious to be close to Heathrow have spread along and around the M4, to the west of London.

Kent, with the nearly-completed M25 motorway connecting this part of south east England with the national motorway network, could become an increasingly attractive base for companies trading with the Continent.

The joint development company to be started by Wimpey, Taylor Woodrow and the others, will be run by the existing property divisions of the five construction groups.

The construction partnership says it will be: "a broadly based company which will be concerned with property development, estate management and the promotion of business activities in Kent."

There will be major obstacles to development, however. Kent has large areas of green belt and a vociferous environment lobby which will strenuously oppose a fixed link and much of the associated commercial development which a Channel link is likely to attract.

Planning permissions could be difficult to win. Developers wanting to take advantage of the M25 market have already found that obtaining consent can be a complex and long-winded process.

Even so, the new partnership believes its experience and resources will provide it with a head-start in any wave of development which follows a go-ahead on the Channel project.

The French can also expect industrial and commercial development to be attracted to the southern end of a fixed link. Northern France is already an industrial region with high unemployment and development is likely to be encouraged, through grants and incentives.

ANDREW TAYLOR

Gomba goes under the hammer

PRICE WATERHOUSE, the receivers ordered into Gomba Holdings by Johnson Matthey Bankers, have set the wheels in motion to dispose of the property interests of the debt-ridden group.

Knight Frank and Rutley have been given the job of finding buyers for a range of properties which played a role in Abdul Shamji's complex Gomba UK empire.

The agents revealed yesterday that they ave been instructed to sell the Duchess and Garrick Theatres, both of which they purchased, on Gomba's behalf, from Abrahams Consolideted in 1983. At the time they were valued together at about £1.4m. Although the instructions do not include the Mermaid Theatre, which was bought for £690,000 in October 1983, it is likely that it will also eventually be included in the package.

Although a statement yesterday from KFR made no mention of any other properties, it is known that they have also been asked to find purchasers for several other investments. These include the entire St George's Estate in London's Pimlico, which is thought to embrace over 500 individual properties providing a mix of residential, retail and office accommodation. It is understood that a mixture of freehold and leasehold interests are involved.

In addition, KFR has been asked to find a buyer for the Rathbone Hotel in London's West End. The 64-bedroom hotel is in Rathbone Street and it is thought that the building could present a redevelopment opportunity to a new owner.

Also on sale will be a 7,000 sq ft factory in Blackburn, used in the production of handbags, and a secondary retail investment in North End Parade, Fulham, comprising around 20 shop units and flats.

The agents will also be seeking a tenant for Gomba's own leasehold offices in London's Park Lane.

Price Waterhouse has been charged with the task of ensuring maximum recovery on the £19m owed to Johnson Matthey by property-based Gomba, though it seems unlikely that the disposal of the properties on which KFR have been instructed will not go far towards meeting that target. Mr Shamji's other principal property asset is a one-third stake in the listed Belgrave Holdings.

Land sell-off at Fulham Football Club

FULHAM Football Club is selling part of its Craven Cottage ground to make way for a £25m residential and club improvement programme.

In a deal disclosed yesterday, Fulham is selling about two acres of its six-acre site to Kilroe Enterprises, the tunnelling and civil engineering company which ranks Sir Matt Busby among its directors.

Under the plan, the Club will receive around £3.5m for the land and just under £2m worth of improved facilities. Kilroe plans an integrated development of 179 flats which are likely to cost between £80,000 and £150,000. A planning application will be submitted to Hammersmith and Fulham council next week and a two-year development programme could begin early next summer. Agents for the scheme are Druce, the agency arm of Hanover Investments.

● Jones Lang Wootton, the agents and surveyors, are moving their North American headquarters to Manhattan Tower, the 35-storey office building recently completed in mid-town Manhattan by London & Leeds Corporation, the Ladbroke US property arm. JLW is taking 30,000 sq ft on four floors in the 275,000 sq ft building. Several tenants have already signed on the line and other negotiations are in hand. Kurt Kilstock, who runs London and Leeds, reckons the building will be 40 per cent let by the end of 1985. Rents so far achieved average around $49 a sq ft.

The Fenchurch Colony

"The Standard 1985 Wine Bar of the Year" requires another City site.

01-481 0355

INVESTMENT WAREHOUSE AND OFFICE BLOCK

West Molesey

Producing £111,800 pax

Freehold £1.19m

ARTHUR SPEED & SON FSVA

01-979 5852

For Investment

SHOP INVESTMENTS continue to show good performance. Contact Snell and Co., Ref. BBI, 01-286 6181, or write 47 Maida Vale, London W9 1SH.

Investments Wanted

FREEHOLD SHOP PROPERTIES URGENTLY WANTED with or without vacant possession from £50,000 to £500,000. Details for Clients to JACK MENDOZA, 7 Hove Manor Parade, Hove Street, Hove, East Sussex BN3 2OF. (0273) 728666.

Offices Required

THE LIONEL MENDOZA PARTNERSHIP seek on behalf of Clients, a freehold office building within 3 miles of Oxford Circus. Minimum requirement 7,500 sq. ft. Properties requiring refurbishment willingly considered. Details please to retained agents as above at 7 Hove Manor Parade, Hove Street, Hove, BN3 2OF, East Sussex. Tel: (0273) 728666.

Company Notices

NOTICE OF REDEMPTION TO THE HOLDERS OF BANQUE FRANCAISE DU COMMERCE EXTERIEUR

US $40,000,000 Floating Rate Notes Due 1990

Notice is hereby given that in accordance with Condition 5(B) of the notes and Section 15 of the Fiscal Agency Agreement dated as of 15th December 1983 between Banque Francaise du Commerce Exterieur (BFCE) and Chemical Bank as Fiscal Agent, BFCE has elected to redeem all of the issue on the next interest payment date falling on 17th December 1985. The notes will be redeemed at par value for the principal amount plus interest to the date set for redemption. On and after 17th December 1985 the notes will cease to accrue interest.

The notes will be redeemed upon presentation and surrender together with all appurtenant coupons, if any, maturing on or after the date fixed for redemption, in the case of bearer notes, at the offices of Chemical Bank, 55 Water Street, New York (Principal only) and 180 Strand, London, Banque Generale du Luxembourg S.A., Luxembourg, Banque Bruxelles Lambert S.A., Brussels, and in the case of registered notes at the above offices of Chemical Bank in New York and Banque Generale du Luxembourg, Luxembourg.

Dated 15th November 1985.

Chemical Bank, Fiscal Agent on behalf of Banque Francaise du Commerce Exterieur

CHEMICAL NEW YORK CORP

US$300,000,000 Floating Rate Subordinated Capital Notes due 1997

In accordance with the provisions of the notes, notice is hereby given that for the interest period from November 15, 1985 to February 18, 1986 the notes carry an interest rate of 8⅛ per cent per annum. The interest payable on the relevant interest payment date, February 18, 1986 against coupon No. 4 will be US$1,072.05.

Agent Bank: CHEMICAL BANK

NOTICE TO BONDHOLDERS OF SECOM CO., LTD.

U.S.$80,000,000 3¼ PER CENT CONVERTIBLE BONDS DUE 1999

Pursuant to Clause 6, subclause (B) of the Trust Deed dated 16th September, 1984, notice is hereby given as follows:

At the meeting of the Board of Directors of the Company held on 6th November, 1985, the resolution was adopted on the issue of new shares by free distribution, the particulars of which are set out below. Consequently, the conversion price of the Convertible Bonds shall be adjusted, the particulars of which are given in (3) below.

(1) the free distribution of shares will be made to shareholders of record as of 30th November, 1985 (the "Record Date") at a ratio of 0.1 new shares for each share held. Provided, however, any fractional new shares resulting from the allotment will be sold by the Company and the net proceeds will be distributed to shareholders in accordance with their fractional shares.

(2) The free distribution will become effective on 20th January, 1986.

(3) Adjustment of the Conversion Price.

Pursuant to Condition 5 of the Terms and Conditions of the Bonds, the Conversion Price will be adjusted from the current Y5,434.00 to Y4,940.00 effective as from 1st December, 1985, Tokyo time.

SECOM CO., LTD.
By: The Mitsubishi Bank, Limited as Principal Paying Agent

U.S.$40,000,000 5 PER CENT CONVERTIBLE BONDS DUE 1998

Pursuant to Clause 6, subclause (B) of the Trust Deed dated 28th May, 1993, notice is hereby given as follows:

At the meeting of the Board of Directors of the Company held on 6th November, 1985, the resolution was adopted on the issue of new shares by free distribution, the particulars of which are set out below. Consequently, the conversion price of the Convertible Bonds shall be adjusted, the particulars of which are given in (3) below.

(1) the free distribution of shares will be made to shareholders of record as of 30th November, 1985 (the "Record Date") at a ratio of 0.1 new shares for each share held. Provided, however, any fractional new shares resulting from the allotment will be sold by the Company and the net proceeds will be distributed to shareholders in accordance with their fractional shares.

(2) The free distribution will become effective on 20th January, 1986.

(3) Adjustment of the Conversion Price.

Pursuant to Condition 5 of the Terms and Conditions of the Bonds, the Conversion Price will be adjusted from the current Y2,920.00 to Y2,654.60 effective as from 1st December, 1985, Tokyo time.

SECOM CO., LTD.
By: The Mitsubishi Bank, Limited as Principal Paying Agent

CANADIAN PACIFIC ENTERPRISES LIMITED

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of Canadian Pacific Enterprises Limited (CPE) will be held in The Palliser Hotel, 133—9th Avenue South West, Calgary, Alberta, on Friday, December 9, 1985, commencing at 11:00 a.m. (Calgary time), for the purpose of considering and, if thought advisable, passing a special resolution approving the Amalgamation Agreement dated October 16, 1985 among CPE, Canadian Pacific Limited (CPL) and CPS Limited (a wholly-owned subsidiary of CPL).

The Board of Directors has by resolution fixed the time before which proxies to be used at the Special Meeting of Shareholders must be deposited at Calgary, Alberta, Canada, with CPE or Montreal Trust Company as agent for CPE, at 39 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment thereof.

By Order of the Board of Directors,
K. S. BENSON,
Vice-President Administration and Secretary.

Calgary, Alberta, Canada. October 16, 1985.

NIPPON MEAT PACKERS INC. (CDRs)

The Company has announced at the Tokyo Stock Exchange the business results and forecast for the current term (August 1, 1984 through July 31, 1985)

	current term	previous term
sales	386,613	369,971
ordinary profit	18,358	15,682
profit for the term	8,283	6,821
profit per share	yen 45.30	yen 37.56

Figures in million yen unless otherwise specified.

Amsterdam, 7th November 1985
AMSTERDAM DEPOSITARY COMPANY N.V.

Art Galleries

LEGER, 13, Old Bond St. ANNUAL WATERCOLOUR EXHIBITION. Mon. to Fri 9.30-5.30. 01-629 3538.

THACKRAY GALLERY, 18, Thackeray St., W8. 01-937 5883. DONALD McINTYRE — Recent Paintings. Until 29 November.

QUEENSBURY, N.W.9 — 32,800 sq. ft. Factory. Fully Sprinklered. Low rent + reverse premium. Mills & Wood. 01-499 0034.

ACTON, W3. 91,500 sq. ft. High Capacity Factory/Warehouse. Sprinklers. Excellent Loading. Ample Parking. Short or Long lease. Rent only £180,000. Mills & Wood. 01-499 0934.

FREETH & CO

Suite 4, Times House, 179 Marlowes, Hemel Hempstead, Herts, HP1 1BB Tel: Hemel Hempstead (0442) 63033

HARROW — TO LET

5,000 SQ. FT. MODERN OFFICES at a Rental of Only £21,125 p.a.x. For the first year

Chartered Surveyors, Valuers, Commercial & Industrial Property Consultants

100% IBA Enterprise Zone Investments

20 year Local Authority guarantees

Phone John Piper on 0273 728311

International

FOR SALE BY PRINCIPAL

NET NET NET

- Fee Ownership — Chain Retail Outlets 15 year lease rent guaranteed by $200 million net worth parent company
- No Management — No Overhead or Expenses
- Minimum rents GUARANTEED 10% return plus outstanding coverage clause for potential high additional rent
- Good US locations — East and Midwest
- $1.1 million to $1.6 million price range

Phone: (213) 451-1364

Mail: POB 1720, Santa Monica, CA 90406

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

Bond issue of US$ 200 million Floating Rate Notes 1985/2005

The rate of interest applicable to the interest period from November 15 1985 up to February 18 1986 as determined by the reference agent is 8⅛ per cent annum, namely US$214.41 per note of US$ 10,000.

CREDIT NATIONAL

LOAN OF US$100,000,000 8½% 1976/1989 BONDS

Unconditionally guaranteed by the French State

Bondholders are hereby informed that the redemption instalment of US$29,000,000 due on December 15, 1985 has been met by a draw by lot on October 31, 1985 in the presence of Madame Jeanne HOUSSE Notary Public, in Luxembourg. Consequently, the 20,000 bonds of US$1,000, numbered 61852 to 97568 inclusive taking account of numbers already drawn for preceding instalments, will be redeemable at par, coupons at December 15, 1986 and subsequent attached, as from December 15, 1985, date at which they will cease to bear interest.

Redemption and payment of interest due on December 15, 1985 will take place at the following banks: CREDIT LYONNAIS, Luxembourg—BANQUE NATIONALE DE PARIS, Paris—PARIBAS, Paris—SOCIETE GENERALE, Paris—EUROPARTNERS SECURITIES CORPORATION, New York.

Outstanding amount after this fourth amortisation: US$20,000,000.

The Principal Paying Agent CREDIT LYONNAIS, Luxembourg

Personal

REPUBLIC OF SOUTH AFRICA

LOAN OF US$25,000,000

7.75% 1972/87

The US$1,000,000.- redemption instalment due on December 15, 1985 has been entirely met by purchases in the Stock Exchange.

Outstanding amount after December 15, 1985: US$12,000,000.-

The Fiscal Agent
BANQUE PARIBAS (LUXEMBOURG) S.A.

Public Notices

H.M. LAND REGISTRY

Land at Arclid, Sandbach, Cheshire, comprising in total 112.09 acres being numbers 0047, 2356, 4118, 4144, 4327, 5016, 5038, 9509, 9621, 5551, 5831, 5918, 6055, 6422, 6626, 6843, and 9549 and part of numbers 3476, 0050, 3858, 4354, 0039, 0027, 2900, 3900, 5200 and 8900 on Ordnance Survey Grid Sheets SJ76/7960/61.

Application to register the leasehold titles to the land in and under the above-mentioned land held under 2 Leases both made between (1) D. M. & M. Beresford and (2) Archibald Bathgate Group Limited one dated 9 April 1984 comprising 77.59 acres for 51 years from 1 January 1984 and the other dated 23 April 1985 comprising 34.50 acres for 51 years from 1 January 1985 has been made by the said Archibald Bathgate Group Limited of 26 Exchange Street East, Liverpool.

Any objections should be addressed to: The Birkenhead District Land Registry, Old Market House, Hamilton Street, Birkenhead, Merseyside, L41 5FL. before the ... quoting CH225314/PO/JLT.

Appointments Wanted

INTERNATIONAL BUSINESS

Excellent success achieved in UK/International FMCG at senior management level, has been Chief Executive. Seeks new challenge where high management skills required.

Would represent companies wishing to set up new markets.

Write Box A9192, Financial Times, 10 Cannon Street London EC4P 4BY

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

Legal Notices

IN THE MATTER OF COMPANIES ACT 1985 AND AURA STYLE LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the Creditors of the above-named Company will be held at offices of

SINGLA & CO.,
35, New Broad Street,
London, E.C.2,

on the 18th November 1985 at 2.30 p.m. for the purposes mentioned in Sections 589 and 590 of the Said Act.

By Order of the Board,
O. F. State,
Director.

Dated this 4th day of November 1985

IN THE MATTER OF DOPSON YOXALL MEDIA PARTNERSHIP LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1985, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 18th day of October, 1985.
B. MILLS,
Liquidator.

TECHNOLOGY

EDITED BY ALAN CANE

'Hard' X-ray that may kill missiles

In the final article on research in the Star Wars programme, **David Fishlock** reports on one of its most highly classified aspects — the use of a nuclear explosion in space to produce immensely powerful beams to knock out enemy warheads.

THE X-RAY laser is probably the most controversial technology associated with the US Strategic Defence Initiative (Star Wars) programme. Coherent X-radiation could provide a beam even more lethal than the neutral particle beam described on this page on Wednesday.

But nuclear power—probably the energy of a nuclear explosion—will be needed to pump energy fast enough into the laser to generate a beam of "hard" X-rays, of the shortest and most lethal wavelengths.

The basic scientific principles of what is sometimes called third-generation nuclear weapons have been successfully tested in the US since 1980 (and also, it is said, in the USSR). But the US Administration has an evident credibility problem if it puts too much faith in a new nuclear weapon as the means for implementing a Star Wars programme which professes to wish to *reduce* stockpiles of nuclear weapons. It would prefer to make Star Wars work without nuclear warheads — even "defensive" ones.

Dr George Keyworth, President Reagan's chief scientific adviser, denies firmly that the X-ray laser is a major thrust of the programme at present. Star Wars, main thrust is towards a system which can "kill" as many missiles as possible as early as possible in flight. The X-ray laser cannot kill close to the ground because its beam will be too strongly absorbed by the atmosphere.

The big attraction of the X-ray laser as a beam weapon is its potential for penetrating deep into its target, to dump energy—up to 10,000 times as much as a visible laser beam—where it will do most damage. Broadly speaking, the shorter the beam's wavelength, the deeper it goes. But, like the neutral particle beam, X-rays need the vacuum of space if they are to be transmitted efficiently. They could be a highly effective way of disabling a satellite.

Infra-red lasers, although engineered to high powers—such as the giant Anteres carbon dioxide lasers at Los Alamos, each the size of an American locomotive—have proved insufficiently penetrating. They create a plasma at the surface which effectively insulates the target from much of the energy of the beam.

Interest has therefore refocused on laser beams of shorter wavelength; the visible green and blue bands, and into the ultra-violet. Los Alamos is replacing Antares with Aurora, a huge ultra-violet laser it plans to develop to an energy of 15 kilojoules.

Beyond Aurora it has plans for PAM, an extrapolation by means of which it hopes to stretch its krypton fluoride excimer laser technology to 100 kilojoules.

In the X-ray laser, however, Star Wars scientists are seeking wavelengths of the order of 100th of those of Aurora and PAM. The power needed to make a substance laser rises as the inverse cube of the desired wavelength; that is, to shorten the wavelength by a factor of 10 requires 1,000 times as much power. How to design such a laser has proved a highly difficult problem, which some scientists do not believe has yet been solved.

In the words of one US physicist, it could be shown on the back of an envelope as long ago as the late-1960s that the X-ray laser was possible only with the energy of a nuclear explosion. Why was the experiment not done? It could have cost $100m, says Dr Lowell Wood, of the Lawrence Livermore National Laboratory in California.

According to a new book Star Warriors, the first successful US tests of the X-ray laser concept were made underground in Nevada, under the code name Dauphin, November 14, 1980. The investors were two teams from Lawrence Livermore led by Dr Wood.

Since air absorbs X-rays strongly, it must be assumed that these experiments—conducted in the same nuclear explosion—were made in a subterranean vacuum chamber, so the X-ray emissions could be verified.

The X-ray laser remains one of the most highly classified aspects of Star Wars research, a fact which has encouraged much speculation and the confident assertion of political opponents of Star Wars that the whole programme's "scientific logic" is founded upon this beam weapon. All the US Government has disclosed officially is that it can shoot multiple beams of X-rays in this way. The claim, although of immense scientific significance, has never been published in a scientific journal.

Both Lawrence Livermore and Los Alamos are studying concepts for nuclear-pumped lasers. Dr Edward Teller, co-inventor of the H-bomb or second-generation nuclear weapon, is widely identified with the X-ray experiments.

Dr Teller hints strongly that their critics would be much more deeply impressed if only the Government permitted more to be said about the several exciting possibilities under examination. Dr Wood talks of "a number of X-ray lasers of different wavelengths."

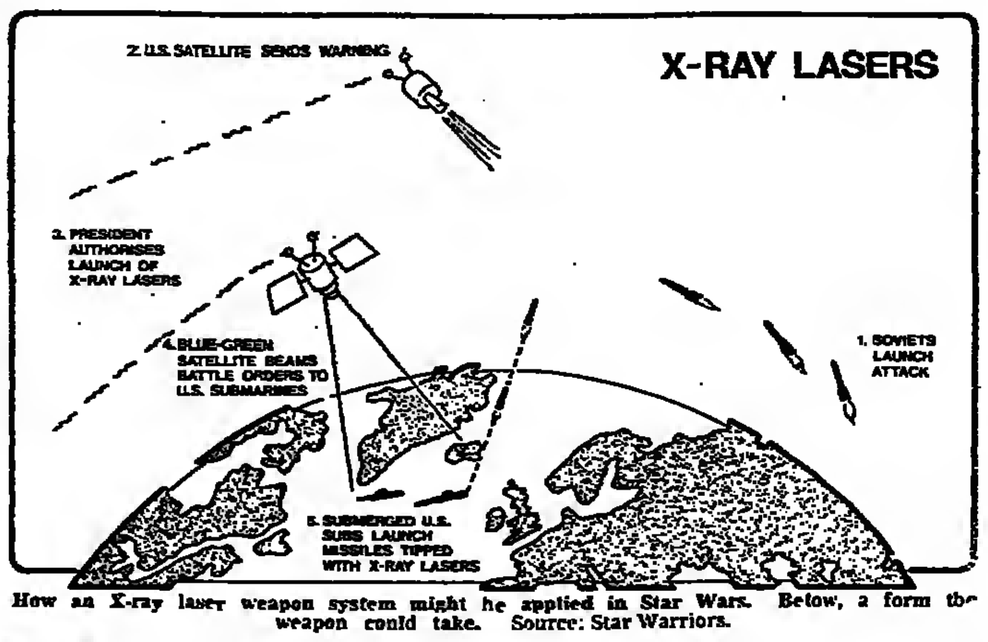
One obvious argument for perfecting the X-ray laser for Star Wars is the way it could resolve the problem of power supplies. Other directed energy (beam) weapons are likely to require a nuclear reactor to provide enough energy. Chemical lasers, in spite of a decade of intensive development, now appear to be losing ground in the competition between rival "kill mechanisms" for the favours of the Star Wars managers, not least because of the logistical problems of providing enough fuel for a space-based weapon.

Another obvious argument for it is the penetrating power compared with beams of longer wavelength (always provided they can be focused on target, of course). Even if they could not reach the target early in the boost phase, Star Wars systems thinking assumes a "layered defence" and has postulated as many as seven different layers, each with its own weapons.

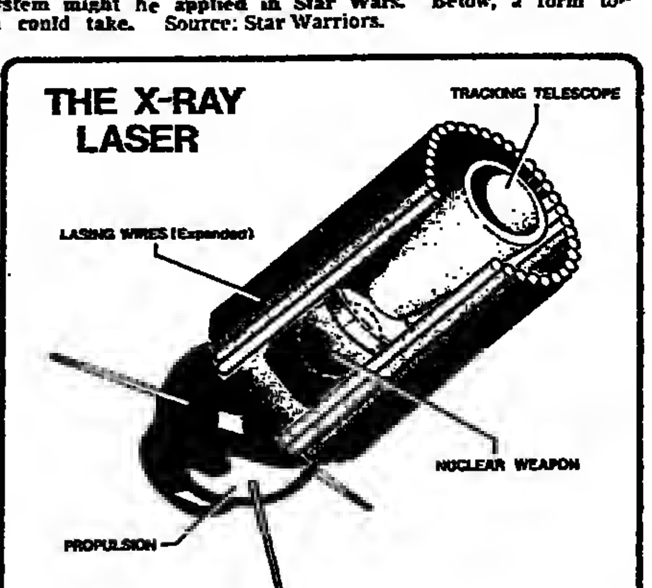
Against the nuclear-pumped X-ray laser is the fact that it must be a one-shot device, which will destroy itself in the explosion. The hope is that, before this happens, it will succeed in pumping a bundle of metallic laser rods aimed individually at different targets.

Such a weapon is going to be expensive to engineer and especially to test, not least because atmospheric testing is forbidden under the 1963 Partial Test Ban Treaty. Testing down holes a mile deep is both costly and highly restricting.

Dr Wood, the chief advocate, puts the X-ray laser in better perspective when he estimates that more than 90 per cent of the Star Wars programme is on non-nuclear research. In the end, the strong emphasis now emerging on reducing the cost of Star Wars systems may be the factor that finally defeats this weapon.



How an X-ray laser weapon system might be applied in Star Wars. Below, a form the weapon could take. Source: Star Warriors.



O Group—an elite of way-out thinkers

STAR WARRIORS, by William J. Broad, is an account of the work of a small team of scientists at Lawrence Livermore National Laboratory, known as O Group, hand-picked for their brilliance by a bearded giant called Dr Lowell Wood, protege of Dr Edward Teller. Dr Teller, the laboratory's founder, and—at 77—still a major source of inspiration, takes a special interest in this elite of way-out thinkers loosely related to its nuclear weapons programme.

Lowell Wood, a recipient of the E. O. Lawrence Award of the US Energy Department—Nobel Prize of the weapons world, as the author calls it—is generally acknowledged to be a remarkable physicist and inventor with a genius for picking the brightest students and persuading them on the merits of working on one of the most challenging and controversial areas of physics.

Broad asked if he might live with O Group for a week to learn how it worked; how it came to invent a new kind of nuclear weapon.

The result is a vivid and highly personalised account of the wayward Dr Wood's team and the unique forces which bind it and drive it. That those binding forces are strong is evident from the strength of personal views the scientists met both within and outside the team.

Broad was still shackled by security and unable to go further in physics than had previously been disclosed. He pinpoints Dr Peter Hagelstein—"a troubled young man who preferred to ignore the military uses of his creation and, when asked to contemplate them, tended to see limitations"—as the inventor of the most promising form of X-ray laser. But he relies on a description of the Dauphin test published in 1981, when Aviation Week reported the beam as having a wavelength of 14 angstrom.

Star Warriors succeeds admirably in doing what the author intended; getting beneath the skin of a brilliantly inventive group. It has not been received well in Washington, where it is seen as having put too much stress on one currently controversial facet of SDI research.

Star Warriors, William J. Broad, Simon and Schuster. $16.95.

Partnership to improve software

NINE European commercial concerns are working together on a project to improve the reliability of software, for instance in the computers that operate factory equipment.

The companies, involved in a collaborative venture under the European Commission's Esprit research programme, will produce techniques to monitor software reliability and attempt to amass information about program failures.

Techniques to guarantee software reliability are coming under increased study by companies worried about shortcomings in computer programs and the time taken to certify the validity of software using established techniques.

The nine organisations involved in the study are ICL, the UK Atomic Energy Authority and STC of Britain, Informatique Internationale and Thomson of France, AEG and GRS of West Germany, Italy's Esacontrol and Elektronikcentralen of Denmark.

Signal advance

MOTORWAY drivers around Manchester are to benefit from a novel signalling system that will warn of delays and diversions due to roadworks.

Ten signs, built for the Transport Department by the electronics division of Cartner Engineering of Harrow, Middlesex, will appear on the M61, M62 and M63.

The signs are based on electromechanical dot matrix displays that police can program from central office.

Most dot matrix signs on Britain's motorways give only a limited number of signals — a number indicating a speed limit for instance—but the new Manchester system can give a wide range of displays depending on the instructions fed into it.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
15	16	17	18	19	20	21

Music

LONDON

Philharmonia Orchestra and Chorus, conducted by Carlo Maria Giulini, with soloists including Robert Tear, tenor, and Bernd Weikl, baritone. Bach B minor Mass. Royal Festival Hall (Mon). (928 3191).

Royal Philharmonic Orchestra, conducted by Andrew Litton, with Jean-Bernard Pommier, piano. Tchaikovsky, Chopin, Elgar. Barbican Hall (Mon). (638 8891).

London Philharmonic Orchestra, conducted by Andrew Davies, with Gidon Kremer, violin. Strauss, Paganini, Beethoven. Royal Festival Hall (Tue).

Peter Frankl, piano. Haydn, Mozart, Beethoven, Schubert. Queen Elizabeth Hall (Tue). (928 3191).

Andrei Gavrilov, piano. Chopin and Rachmaninov. Barbican Hall (Tue).

PARIS

English Chamber Orchestra, conducted by Nicolas Braithwaite. Bach, Mozart, Purcell (Mon, Tue) Salle Gaveau (4563 2030).

Christa Ludwig, mezzosoprano; Philippe Cassart, piano. Schumann, Mendelssohn, Chopin, Dvořák (Mon 6.30pm). TMP-Chatelet (4233 0000).

Vlado Perlemuter, piano. Fauré, Ravel (Mon): Théâtre des Champs Elysées (4723 4777).

Luciano Pavarotti, with the Paris Opera Orchestra (Tue). Zenith, 211 Ave Jean-Jaures (4742 5730).

BRUSSELS

Palais des Beaux Arts: Henry Randales, violin, and Kyoko Hashimoko, piano. Leclair, Beethoven, Ysaye, de Sarasate (Wed). (512 50 45).

ITALY

Rome: Auditorium via della Conciliazione: Yehudi Menuhin conducting Mozart's La Clemenza di Tito in concert form with sopranos Elizabeth Connel and Beatrice Haldase; mezzosopranos Doris Soffel and Anne Howens; tenor Gosta Winbergh; bass; Stafford Dean. (Mon and Tue). English consort conducted by Trevor Pinnock. Bach and Händel (Thur). (554 1044).

SPAIN

Madrid, Fundacion March, Castello 77. José Rada, Harpsichord, D. Scarlatti. (Wed).

NETHERLANDS

Amsterdam, Concertgebouw. The North Holland Philharmonic and the Stem des Volks choir, conducted by Wouter Schmidt; vocalists Ellen van Lier, Monique Notten and Peter Kook; Kees de Wijs, organ. Brahms, Faure Requiem (Tue): Frans Brüggen conducting the Orchestra of the 18th century. Rameau, Beethoven, Mozart (Wed). The Concertgebouw Orchestra under Hans Vonk; vocalists Hein Meens, Henk Smit, Charles van Tassel, Gus Hoekman and Lieuwe Visser. Escher, Schat (Thur). Recital Hall: Cologne Chamber Ensemble. Bach, Vivaldi, Albinoni, Molter (Mon). Theo Olof, violin. Bach (Tue). Lunchtime concert from the Tancredi Trio (Wed). The Alban Berg Quartet. Haydn, Webern; Schubert (Thur). (71 83 45).

VIENNA

Vienna Chamber Orchestra, conducted by Johannes Libal, with Heinrich Bruckner, Trumpet. Mozart, Kern; Telemann. Schubert Saal, Konzerthaus (Thur).

TOKYO

Tokyo Philharmonic Orchestra, conducted by Robert Benzi; piano: Tatyana Nokolayeva: Haydn, Bach, Ravel. Tokyo Bunka Kaikan (Mon). (256 9696).

NEW YORK

New York Philharmonic (Avery Fischer Hall): Zubin Mehta conducting; Bennett Lerner, piano. All-Copland programme commemorating the composer's 85th birthday, with the world premiere of Proclamation (Tue: Zubin Mehta conducting; Wynton Marsalis, trumpet; Philip Smith, trumpet. Mendelssohn, Vivaldi, Haydn, Dvořák (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Rafael Frühbeck de Burgos conducting; Frans Helmersen, cello: W. Schuman, Bloch, Tchaikovsky (Tue); Antal Dorati conducting: Haydn, Bartók, Brahms (Thur). Kennedy Center (785 8110).

CHICAGO

Chicago Symphony (Orchestra Hall): Chamber series with Landolfi Ensemble: Spohr, Debussy, Taneyev, Dvořák (Wed, 5.45); Neeme Jarvi conducting, Yefim Bronfman piano: Lyadov, Rachmaninov, Stenhammar (Thur). (435 8122).

Opera and Ballet

PARIS

Dansomanie/Napoli. Dansomanie, a two-act pantomime in Ivo Cramer's choreography, danced by Monique Loudières, Rudolf Nureyev, Pätrice Bart, is followed by Napoli, danced by Florence Clerc, Charles Jude, Isabelle Guerin at the Opéra Comique (296 0611).

Black and Blue: An American black revue in the Twenties tradition to the tunes of Louis Armstrong, Duke Ellington, Fats Waller. TMP-Châtelet (233 0000).

LONDON

New Sadler's Wells Opera, Sadler's Wells Theatre: the fare for this week is an attractive mixture of opera (the quirkily poetic Traviata production borrowed from Opera North) and operetta (the new Merry Widow, a successful mainstream production, and the HMS Pinafore revival).

English National Opera, Coliseum: Katya Kabanova, a famous ENO production now restaged by David Pountney, marks Simon Rattle's long overdue London theatrical debut; Eilene Hannan takes Janaček's title role. Further performances of the interesting, vivid, and largely successful new production of Gounod's Faust, and also of the genial, not ideally stylish Orpheus in the Underworld (836 3161).

ITALY

Trieste: Teatro Comunale Giuseppe Verdi: Simon Boccanegra conducted by Tamas Pal with Stefka Evstatieva, Renato Bruson and Carlo Cossutta (Tue). (63 19 48).

Rome: Cherubini's Demophoon in a new production by Luca Ronconi, conducted by Gianluigi Gelmetti. A fine cast including Monserrat Caballe, Veriano Lucchetti, Jean-Philippe Lafont and Margarita Castro Alberty. Scenery by Gianni Quaranta and costumes by Dada Saligeri. (46 17 55).

Milan: Teatro Lirico: A Homage to John Cranko: Luciano Savignao dances with Jean-Charles Gille in Cranko's ballet: The Taming of the Shrew to music by Scarlatti (86 54 18).

WEST GERMANY

Berlin, Deutsche Oper: Fidelio has Lisben Balsley; La Bohème, sung in Italian, has Pilar Lorengar and Giorgio Merighi. (34 381).

Cologne, Opera: This year's highly acclaimed Salzburg production of Monteverdi's Die Heimkehr des Odysseus, newly arranged by Hans Werner Henze, will have its German premiere this month. It is again produced by Michael Hampe. In the main parts are Claudio Nicolai, Ulrich Hielscher, Marianne Hirsti, Hanna Schwarz and Harald Stamm. Elektra brings together Helga Dernesch, Janis Martin and Harald Stamm. (20 761).

VIENNA

Staatsoper: La Traviata; Die Entführung aus dem Serail; Donizetti's The Love Potion; Tosca conducted by Guadagno with Jones, Argall, Wixell; Raymonda by Glasunov, Petipa and Nurejev (53 24/26 55).

NETHERLANDS

Scheveningen, Circus Theatre. Nederlands Dans Theater with Uccelli and Converge by Nacho Duato, a new ballet by Lar Lubovitch, and Kylian's Wiegelied. (Thur). (55 88 00).

Arnhem, Schouwburg. Modern dance festival (Mon, Wed, Thur). (42 27 41).

Amstelveen, Cultureel Centrum. Lehar's Count of Luxemburg from the Hoofdstad Operette conducted by Martin Mälze, with Marga de Boer, Jan Naderson, Germaine Compier and Ton Hofman. Directed by Alexander Pichler (Tue to Thur). (45 84 44).

NEW YORK

Metropolitan Opera (Opera House): The week features Cavalleria Rusticana with Hildegard Behrens and Pagliacci; Porgy & Bess, conducted by James Levine; Roberta Alexander as well as Neeme Jarvi conducting August Everding's production of Khovanshchina, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Opera House): Three of the season's productions are playing in repertory: Un Ballo in Maschera conducted by Cal Stewart Kellogg and directed by Francis Rizzo, Jean-Pierre Ponnelle's new production of Don Giovanni conducted by Daniel Barenboim with Renato Bruson and Gian Carlo Menotti's production of Eugene Onegin, conducted by Maxim Shostakovitch with Cynthia Munzer and Jerry Hadley. Kennedy Center (233 4757).

CHICAGO

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz; Madame Butterfly with Anna Tomowa-Sintow in the title role, conducted by Miguel Gómez-Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti ed I Montecchi, Die Meistersinger and La Rondine. (332 2244).

Theatre

NETHERLANDS

Amsterdam, Bellevue Theatre. The English Speaking Theatre of Amsterdam presents William Gibson's bittersweet comedy, Two For The Seesaw. Maxine Resnick and Grant Coburn directed by Svarupa. From Tue. (247 248).

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Pravda (Olivier): Entertaining *epic* new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

WASHINGTON

Night Mother (Arena): Marsha Norman's searing view of a mother and daughter on the night the daughter announces her intention to commit suicide requires a strong stomach for hard-bitten realism. This production by James C. Nicola has Halo Wines as daughter Jessie and Ann Guilbert as mother Thelma. Ends Dec 8. (488 3300).

TOKYO

Takarazuka All-Girls' Revue. The Snow troupe in The Kaleidoscope of Love Plus And Now. This Japanese phenomenon, the antithesis of Kabuki where the girls play the men's roles with typical innocence and earnestness, is a must for foreign visitors. Takarazuka perform elaborately-staged and skilled musical adaptations of both Japanese and Western plays, with revues and standard musicals. Plots are usually highly improbable. While rather frothy, heavy on the effects, Takarazuka provide another insight into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre: near Ginza and major hotels. Matinees and evening performances. (591 1711).

Kabuki (National Theatre) Kiichi Hogen Sanryaku no Maki, a historical piece set during the war between the Heiki and Genji clans in 13th century. The Chrysanthemum Garden scene is a well-known repertory piece. (265 7411).

Exhibitions

TOKYO

Art of Dunhuang on the Silk Road: This exhibition includes replicas of frescoes from the remote Dunhuang caves in Western China. Tokyo Fuji Art Museum, Hachioji, one hour from Tokyo. Ends Nov 24.

Hokusai Ukiyo-e Prints: about 800 works on three floors, consisting of early prints, landscapes of various kinds and paintings. Situated in the fashionable Harajuku area of stylish boutiques, coffee-shops and architecture, o pleasant Sunday itinerary would traverse several hundred years of history, taking in the nearby Meiji Shrine and Garden, and Sunday dancing of Bamboo-Shoot Kids of TV fame. The Ohta Memorial Museum in a quiet lane off Omotesdando. Ends Nov 24.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur-Sikri and inspired the works represented here by 80 paintings as well as metal work, carpets, and textiles. Ends Jan 5.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 12.

SPAIN

Madrid, a retrospective of 200 paintings, waxes and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Paseo recoletos 22. Until end of Dec.

Madrid, a selection of 182 XVIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvatore Rosa, Micco Spadero, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.

Goya: paintings, drawings, etchings from Spanish public and private collections. Musée Royale des Beaux Arts. Ends Dec 22.

ITALY

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Rome, Galleria Editalia, Via del Corso 525. Futurist Painters in Rome: 1910–1930. Energetic, dramatic and highly coloured, notably the work of Giacomo Balla. Ends Nov 30.

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Hannover, Kestner-Gesellschaft, Warmbüchenstr 16: pictures and drawings by the Austrian painter Christian Ludwig Attersee since 1975. Ends Dec 8.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years. Ends Jan 19.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

VIENNA

Art From The Stone: Art lithography from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had a try at drawing or painting "on the stone" – from Goya to Picasso, Delacroix to Chagall, Toulouse-Lautrec to Miro, Munch and Beckmann. The exhibition explains how lithography began, how it is done, and goes a long way to explain its continued fascination for artists. At the Albertina until Dec 8.

PARIS

Picasso Museum: The 17th century Hôtel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cezanne, Douanier and Rousseau. Müsée Picasso. Hôtel Salé, 5 rue Thorigny, Paris 3e (271 2421). Closed Tue.

Sir Joshua Reynolds: The artist's first exhibition ever in France, organised with the London Royal Academy and British Council's aid. It follows the Gainsborough and Turner exhibitions and acquaints the surprised French public with the history of English painting and with the remarkable and inventive portraitist that was Reynolds. Grand Palais, closed Tue, Wed late opening (261 5410).

LONDON

The Royal Academy: German Art in the 20th Century – until Dec 2 – this is certainly the most important exhibition at the Royal Academy since the Post Impressionist Exhibition, in terms of the practical study of the art of our own time. But it is a partial rather than definitive treatment of its subject, more closely defined as the Expressionist Tradition in modern German Art. The pioneer expressionists of Die Brück and Der Blaue Reiter – Schmidt-Rottluff, Nolde, Kirchner, Mueller, Macke, Marc and Kandinsky, Beckmann, Dix and Grosz are the heroes. Beuys Kiefer and Richter continue in spirit.

Cinema/Nigel Andrews

Britain, washed and spin-dried

My Beautiful Laundrette directed by Stephen Frears
Colonel Redl directed by Istvan Szabo
Invasion USA directed by Joseph Zito

If you pass me my hat, I will prepare to eat it. Only a week after pronouncing that British cinema's last hours seemed near, I am happy to report that there is a sign of life. It is called *My Beautiful Laundrette* and it is directed by Stephen Frears and written by Hanif Kureishi.

This marvellous comedy of interracial manners spins around the partnership between two ex-schoolfriends, Pakistani Omar (Gordon Warnecke) and white National Front punk Johnny (Daniel Day Lewis), who buy and vamp up a London laundrette. This quixotically madcap enterprise—the NF teaming up with the Subcontinent; and the vamp-up, despite the laundrette's being in a skinhead-haunted purlieu, extending to Hokusai-style wave murals and piped Puccini—proves the spark that ignites not only their relationship but the lives, lusts and business fervours of all the characters around them.

Omar's fat-cat uncle (Saeed Jaffrey) urges on his nephew's entrepreneurial zeal: "You have to know how to squeeze the tits of the system!" Jaffrey's fur-dripping mistress, Shirley Anne Field, becomes ever more high-profile as she is paraded through the laundrette on and before its gala opening. And Field's ascendancy provokes the rage of Jaffrey's spell-casting wife. "My furniture keeps moving about the room," wails Miss Field, still as adept at sweetly pinbrained pin-up roles as in her 60's heyday.

But the main spark is to Omar and Johnny's own relationship. They are revealed not only to be old friends but also old lovers. With this swing into the unexpected—passionate clinches in a darkened car, a love-nest in the back of the laundrette—Kureishi and Frears turn a breezy parable about hands across the colour bar into something much richer. Racial integration meets l'amour fou and taboos both social and sexual, political and interpersonal, start spectacularly to crumble.

Lurking vividly about the rim of the story, doing good deeds and bad in the film's thrust towards *entente*, are a gang of zero-IQ skinheads (Johnny's old chums); a laundrette clientele who do not know what has hit them; and a plethora of well-heeled Pakistanis, some wanting to shore up, others to rebel against, their cultural traditions.

The film has a richness of wit and conception one had despaired of seeing in British movies. Kureishi should surely be given a permanent resident screenwritership in UK cinema. And Frears—so often (as in *Gumshoe* and *The Hit*) a talking-heads director bringing small-screen styles to the large—seems rejuvenated here. He conjures real visual fun and magic out of the ever shuffling locales: from punk-tormented slums to plush Pakistani villas to the laundrette itself, where the old Britain is about to be washed and spin-dried and turned into the new.

*

Istvan Szabo's *Colonel Redl* looks at first like "Mephisto 2" as the Hungarian director bungs the star, Klaus Maria Brandauer, once more into the breaches of Teuton history. This time, he plays the ill-fated officer undone by his own homosexuality and an archduke's scheming in the brief heyday of the Austro-Hungarian empire. Fifty years after his suicide in 1913, Redl inspired John Osborne's play, *A Patriot For Me*. Osborne's play, in turn, inspired Szabo's film.

A bold, biographic sweep, from boyhood to manhood through a changing society and switchbacking history, is achieved in the 2½-hour movie. Szabo clearly is fascinated by the ceremonial masochism of military rites—the square-bashing, the initiation ordeals, the punishments — as Redl is kneaded into officer material. And he is equally fascinated by the military wrongs that can send a soldier slithering back to square one: the injudicious duel or the ill-considered *affair* (with the wrong woman or—heaven forfend—the wrong man).

With its eerie, blue-wash photography and elliptical cutting (we leap a decade as matter-of-factly as we leap a minute) the film is a midnight drive on a hairpinning highway towards destiny. And the destiny, when reached, proves to be not glory but death: a gun placed in the hand, a command to suicide. For Redl, ordered by Archduke Ferdinand to ferret out subversives, found that the main "subversive" set up for ferreting was himself.

Klaus Maria Brandauer (top) and Christopher Kubinyi in "Colonel Redl"

Brandauer's death scene, combining the terror of a condemned man's last minutes with the hopeless, thrashing rage of a trapped tiger, is a cracker. And so—but for a few longueurs when we become as lost as the characters in the maze of military and imperial intrigues—is the film.

*

Invasion USA is 90 minutes of merry rubbish about a Soviet plot to cause nationwide civil breakdown in the US. A secretly landed Russian terrorist force is dispersed through the cities where it commits murder and mayhem in the guise of policemen, soldiers and National Guard.

Who can save America? Surely only Chuck Norris. Sylvester Stallone presumably being unavailable in Vietnam. And the bearded, bazooka-toting champ duly does so, blasting single-handed into oblivion about 700 anti-American agents by my count, and gaining a slight cut above the right eye in return. The film itself, directed with gung-ho gusto and almost complete implausibility by Joseph Zito, is a slight cut below the IQ of any living filmgoer

*

Chuck Norris would be a useful addition to the staff at the London Film Festival, which starts this week. With a well-aimed bazooka, he could shoot down any film-maker trying to bring in another one. At the last tally there were a crushing 160 movies, not counting shorts, and more are rumoured to be marching in from Heathrow and Gatwick.

However, the festival also has sold a vast number of seats and includes a multitude of good films in its overabundance. This surely makes it imperative for the powers that be at the BFI — Sir Richard Attenborough, Anthony Smith and company—to give the still provisional festival director, Derek Malcolm, at least another year in the hot seat.

Recommended and still bookable at the LFF in the coming week are: Walter Ruttmann's German silent classic *Berlin—Symphony of a City*; Edward Yang's *Taipei Story*; Bobby Roth's *Heartbreakers*; Geoff Murphy's *The Quiet Earth*; Sogo Ishii's *Crazy Family*; and a superb newly-restored Technicolor print of Powell and Pressburger's flamboyant rustic melodrama of 1950, *Gone To Earth*.

Gordon Warnecke (left), Shirley Ann Field and Saeed Jaffrey in "My Beautiful Laundrette"

Love for Love/Lyttelton

Michael Coveney

The last of the five new National Theatre groups to show its hand opens with Congreve's *Love for Love* directed by Peter Wood, whose 1965 production of the same play at the Old Vic is a memory of burnished gold and Laurence Olivier as Tattle tottering with bulging calves along the red-brick garden walls of Lila de Nobili design. Those very designs have been recreated by Bruce Snyder, and the lighting, as before, is by Richard Pilbrow.

Michael Gambon and Anthony Hopkins played small roles in that production, which gives you an idea of the company's overall calibre. Mr Wood's approach has now mellowed, or slowed down, or something. You leave the Lyttelton having made contact with a brilliantly organised and written comedy, but your — or at least my — heart is not throbbing with pleasure. The shadows have lengthened over the play, a fact reflected in Dominic Muldowney's plangent, melancholic music.

The start is slow and unexciting. Stephen Moore as Valentine is discovered in his extravagantly book-lined study besieged by lawyers and bailiffs outside who want him to sign away his inheritance in favour of a booby seafaring younger brother. Some corners of the plot are no clearer than some in *The Way of the World*, Congreve's later and greater play, but Valentine is anxious to pay off his debts and present himself to the woman he loves, the haughtily indifferent Angelica.

Mr Moore is in danger of lapsing into an identical performance and much of this one is similar to his recent Subtle in *The Alchemist*, vague and languidly posturing. He comes across eventually as an incipient middle-aged bachelor saved from bookish eccentricity by Angelica's trial of his virtue. And he occupies his true element in the feigned mad scenes, speaking harsh truth in the privilege of absurdly swathed and bandaged disguise.

The truth is the one thing nobody much wants to hear, let alone speak, in this elegantly fabricated tissue of mock affection and opportunist liaison. Chief perpetrators of confusion are the mischievous gossip Tattle and the serpentine free speaker Scandal. Both of these roles are interestingly taken, Tim Curry's Tattle forestalling Olivier comparisons with a transparently boyish predilection for his malicious sport, sucking in his breath between venomous spits, biting his finger and dangling a free leg after the horse has bolted. He trips along the garden wall after the failed seduction of the country cousin Prue (Sally Dexter, fulsomely fulminating, is a good NT recruit) and freezes as a Cupid statue to save his skin.

Niall Buggy delivers Scandal's jewel encrusted lines with a rare Irish vigour that makes you wonder why the National ever let him out of their sights. And another welcome survivor of the Wood *Rivals* production is Barry James, pertly authoritative and in good voice as the university-educated servant Jeremy.

The sailor brother of Neil Daglish, complete with swag bag and parrot cage, is a rather stage-bound creation, but his slow, apprehensive arrival to greet his father is well done. If the sexual deals hatched on the male side are ruthless, they are matched for ingenuity by the complots of Lola Baxter's Mrs Foresight and Sara Kestelman's huskily devious Mrs Frail.

Among all these shenanigans, we also have a story of an embittered and non-plussed father, Sir Sampson, in whom Michael Bryant invests a measured tread and flinty determination not to be thwarted by his dissolute elder boy. He uses a Kenyatta fly-whisk as a deadly prop, beating footstools with it, or swinging it idly in front of Amanda Redman's icily calculating Angelica as he suddenly warms to his allotted role of stooge lover with the unanswerable line: "I am of a long-lived race and inherit vigour."

This is by no means a night to set beside the old one, despite all the carefully fading lighting effects, the street lamps, the railings, the hanging trees and potted plants. There are, in fact, several stretches of tedium and a vague feeling of routine, of going through the motions.

Alexeyev, Perlman/Festival Hall

Max Loppert

Dmitry Alexeyev's playing of the Brahms D minor Concerto rescued Wednesday's Philharmonia concert from the drabness that had settled on its first part—and to start with even he seemed in less than best form. The first half of the first movement found Alexeyev splashing and smudging the massive double-octave tracery quite remarkably often; then suddenly the performance settled, and he began to reveal both the grandeur of technique and the fiery directness of style that places him in the great line of Russian pianists.

Nothing that one could sense as an "additive"—no heart-on-sleeve dramatising, no self-conscious poetic attitudes—entered the solo portion of the Adagio; Alexeyev stuck to its core straight and true, and with wonderful ringing firmness in even the quietest passages. The Rondo moved off with springing alertness; one regretted the fact that under Esa-Pekka Salonen the orchestra, which had earlier laboured its way through the slow movement, seemed unable to match him step for step. It will be good to hear Alexeyev's Brahms First again, in circumstances that allow its best qualities to flourish all the way through.

Salonen, a young conductor who has been receiving sustained high praise, in these columns and elsewhere, was on this occasion a thorough-going disappointment. Sibelius' *Pohjola's Daughter* was over-conducted — dandled, cosseted, its sections split apart by extremes of tempo — in a way that eventually caused the snapping of its dramatic thread. A classic error of judgment in the Mendelssohn Italian Symphony is to choose a tempo for the opening *Allegro vivace* faster than can be precisely articulated by the orchestra's strings. It was made here, and a charmless, frenetic scramble was the result.

Itzhak Perlman played on Sunday evening the Brahms Violin Concerto with Andre Previn and the Royal Philharmonic. It was totally secure, entirely unflappable, truly sounded in the centre of every note, and rather pedestrian—Perlman, who used to reach sublime heights in this work, sounded as though he has mislaid its inspiration.

In the concert's first part, Previn introduced to London a work commissioned from John Harbison for the Pittsburgh Symphony during his directorship there — *Ulysses' Bow*, a ballet in five scenes with interludes (the second dance score by Harbison to be based on Homer). As the New Opera Company performance of his one-act opera, *Full Moon in March*, made clear not long ago, Harbison scores cleanly, limpidly, and with unfailing effectiveness; he is unafraid of essaying lyrical styles in tonal idioms. In the opera, the mixture was fresh in its appeal; here it seemed jaded, calculated, expertly professional, and forgettable.

André Previn

Andras Schiff/Wigmore Hall

Paul Driver

Andras Schiff is offering his pianistic interpretation of Bach's *Well Tempered Clavier* to Londoners. He began on Wednesday night with the first book of 24 preludes and fugues, running through them with only two breaks—full-length intervals after batches of eight, each embracing four tonalities.

The jumping sequence of keys—C to C sharp to D, etc—does not prove a harmonic obstacle to the listener; and there seemed to me to be a peculiar nameless affinity between the pieces in each group: the evening's experience was rather like listening to some prodigious three-movement symphony for piano

Schiff's approach is not evidently conditioned by considerations of keyboard authenticity, but rather reflects a straightforward confidence in the suitability of the modern grand to anything in Bach's text. Straightforwardness, and a certain plainness, also marked his response to purely musical challenges, at least in the first group of preludes and fugues.

He made a dull start with the C major pair and proceeded to a heavy-footed C minor prelude and falsely emphasised accompanying fugue. There were missed opportunities for poetic nuance in the D major fugue; while the D minor prelude's triplets were slow and stately rather than impelled and interesting. Thus far in the recital, Schiff's playing seemed predominantly sober and safe.

It was, in fact, progressively absorbing. The note of intensity sounded in the E flat minor pair ending Schiff's first group was sustained throughout much of what followed. Subtleties of touch and phrasing, insights into structure and communicative essence, grew numerous. In his final group, Schiff achieved striking results with such pieces as the A minor fugue—done in wilfully *staccato* fashion but deeply considered and intensely sustained—or the B flat minor pair, of which the prelude was tonally captivating and the fugue massively eloquent.

By the end—in the B minor pair — the occasionally lacklustrous pianist of earlier had been transformed into a magisterial artist. The prelude was given with marvellous hard clarity—clarity both of texture and mind. The vast and slow fugue, unfolded in a way that combined extremes of refinement and simplicity, concluded the concert with a blaze of splendour.

Coppelia/Churchill, Bromley

Clement Crisp

London City Ballet has enlarged its repertory with a staging of *Coppélia*; complete enough save for the programme book's wholesale omission of the acute accent.

Mounted by Christopher Gable, this is in many ways — and most of them welcome — the old Royal Ballet version, with such gems as the Ear of Corn sextet decently restored, and not too much additional flummery to come between us and the gentle truths of the tale. (It tells, with some subtlety, of the nature of true love, and of the spiritual journey two young people must take to discover the reality of that love.)

The staging is reasonably danced by the company, albeit Peter Farmer's settings have their murky moments; but small numbers on stage, and a small orchestra wirring and tootling through Delibes' 24 carat score, are no help to making us believe in what we see.

I suppose LCB's audiences require these dwarfish simulacra of the classics, and a full house in Bromley on Wednesday enjoyed every moment. What was absent throughout the evening was charm. It is a rare quality, not to be acquired — the gift of a good fairy at the christening of a potential Swanilda — and without it the dance looks as mechanical *as anything* done by Coppélia herself.

Marian St Claire as Swanilda gave a reading in which there was no shortage of bravura effects, but little warmth of spirit. This Galician belle came on stage looking for trouble, and whipped through the subsequent frivolities with determination; but nothing made me feel that Swanilda deserved happiness in love. For once, I felt a twingle of sympathy for Frantz, that least charming of heroes, for whose cause Peter Lucadou-Wells did not seem enthusiastic.

Miss St Claire was at her most effective in the duel of wits with Gavin Dorrian's Coppélius in Act 2, when theatrical sparks began to fly and the dance acquired a bouncing energy. Mime was generally unconvincing from the cast, with peasantry registering embarrassment rather than any more joyous feelings. In the last act divertissements, well staged by Mr Gable, I enjoyed the bright presence of Jane Sanig as Dawn, and the neat style in the Morning Hours' dancing. The production is sponsored by BP.

Homage to Barcelona

Andrew Clements

Alongside the exhibition that opened yesterday at London's Hayward Gallery, a musical "Homage to Barcelona" is scattered around central London over the next three months. It began at the Elizabeth Hall on Wednesday, when the Nash Ensemble and Jennifer Smith reviewed the luminaries of Catalan music—Granados, Falla, Gerhard and, at one remove here, Pedrell.

The selection and performances of the works were nicely varied and thoroughly likeable. But far from demonstrating that this group of composers represented a coherent tradition with its own pungent characteristics, they left the impression of a sequence of varied external influences, upon which specifically Spanish elements were laid like touches of exotic colour.

For Granados' Piano Quintet of 1898, the starting point was Schumann and Mendelssohn, with the flavour of Spanish dance adding zip to some of the themes. For Falla's *Psyché* it is Ravel, a gorgeous and irresistible use of soprano and a handful of instruments; in his Harpsichord Concerto it is Stravinsky, although there is perhaps more there than the neoclassical brittleness that Ian Brown and his colleagues suggested.

Gerhard's sources are harder to pin down. The *Seven Haiku* of 1922 cast covetous eyes on the style of *Pierrot Lunaire*, as refracted through Stravinsky and Ravel; but the inclusion of *Libra* (1968) showed how thoroughly assimilated the Schoenbergian strain had become, and how specifically Spanish elements — the writing for guitar, the folksy melody with which it ends — could be reintroduced into his language without any self-consciousness.

The *Concionero de Pedrell* (1941) are in a different category; Gerhard gives eight of Pedrell's collection of Spanish folksongs chamber orchestration, sometimes with curiously clotted, bottom-heavy textures. The authenticity of the idiom, though, for once seemed never in doubt.


CHASE
Institutional MicroStation

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday November 15 1985

Still say yes to the TSB

THE SALE of the Trustee Savings Bank, which was to have been one of the more straightforward of the big UK flotations, has suddenly become one of the most tangled as a result of the surprise ruling by Lord Davidson this week that the assets of the Scottish part of the group belong to its depositors. Politically, it is also embarrassing to the Government because it suggests that the ground for the flotation was not properly prepared despite the lengthy period of consultation, and it confronts the Treasury with a dilemma as to whether or not to proceed with the February timetable.

The issues are legally complex, and overlaid by emotional questions of Scottish nationalism and alleged expropriation of the property of small savers, none of which can be lightly dismissed. And the case offers a ready-made political bandwagon for a wida variety of Mrs Thatcher's opponents. However, the balance of argument still favours timely flotation of the TSB, even *though* the circumstances of its sale may not be as propitious as they looked last week.

Mr Ian Stewart, Economic Secretary to the Treasury, may yet be spared the awkward decision of whether to delay the final step prior to flotation (the vesting of the TSB's assets in a new public company) if the Government's promised appeal succeeds within the next four weeks or so. But even if that is not possible, the case for delaying the flotation rests more on the Government's political fears than any sound commercial reasoning.

Timetable

What would be achieved by postponement? As far as the depositors' rights are concerned, very little. Their entitlement to a share in the TSB's assets, as interpreted in the Davidson judgment, would only be exerciseable in the event of the liquidation of the TSB, and even that right is not completely clear. Nor is it certain that English depositors would be able to obtain a similar judgment because of differences between English and Scottish law.

If depositors' rights were to be amended or more explicitly enshrined in law, the TSB Act which was passed only two months ago to enable the flotation to take place, would have to be changed, entailing further delays and unwelcome embarrassment for the Government. New slots would have to be found in both a crowded parliamentary timetable, and the City's already tightly beoked schedule of flotations.

And time is a factor. The TSB is a major UK financial institution which, as presently constituted, is owned by nobody and accountable to no one. If it is to become a greater competitive force as foreseen in the Government's own schemes for the financial services industry, it is important that it should be established and have access to capital on comparable terms to the country's other large banks as soon as possible.

For once the Treasury's motives in pressing ahead with a major public flotation would not be suspect. It is not vulnerable to accusations that it is flogging the family silver because it will receive nothing from the sale. The TSB Act has also been framed to protect the TSB *from* whatever tax liabilities it might incidentally incur through the unique circumstances of the flotation, so there will be no windfall tax receipts for the Inland Revenue.

There would be a strong case for postponing the sale if this week's ruling created uncertainty over the title of the TSB's future shareholders. This, however, is not the case. The TSB Act will vest ownership of the new company in them, eliminating the risk that they would have to return their shares if the Scottish depositors emerge victorious from all the appeals. Provided the City can get this message across, investor interest in the flotation should be maintained.

The Government does, of course, face the possibility that it would have to compensate depositors for expropriation if it were to lose a case in the European Court of Human Rights. This extremely distant and unquantifiable risk, however, should not outweigh the need to proceed with a flotation that is commercially sensible. It is also worth recalling that TSB depositors' interests have not been wholly neglected in the sale plans. Their priority right to shares is a bonus which could be more valuable than their entitlement to whatever might be left of the TSB after liquidation.

Hard truths about soft loans

WHEN GOVERNMENTS use public money to help their companies win big contracts in poorer countries, they not only undermine commercial discipline and budgetary prudence; they can pervert the very purpose of development aid.

In recent months commercial competition for scarce project work has become increasingly intense. So has the competition between governments, in effect, to buy export business with injections of "aid."

The US Administration has long campaigned against such subsidies—for subsidies they are. Now, in an apparent effort to expose the practice for what it is, the Eximbank in Washington has named six overseas projects, including a metro for Algiers, where it says it will match and beat on behalf of American companies anybody who tries to win orders by offering concessionary credit terms.

This week the British Government finally announced its new soft loan programme for exports, a more aggressive end streamlined system than the present mixed credit facility. Like the Americans, British ministers have been driven by pressure from big contractors, and by the need to get abreast of the competition in new markets like China.

But they are left with a UK policy on eid and trade even more ambiguous than before. In the same breath companies are being urged to seize the benefits and are being warned that Britain will press for stronger multilateral control of "these practices."

Subsidies

Meanwhile, tha French—pioneers and leaders in the art of mixing aid with commercial lending — are increasingly worried by the cost of such subsidy. Asked this week bow France would react to the American threats, Edith Cresson, minister of industry and external trade, tried to turn the tables on the US by declaring that as far as tha Algerian metro was concerned the French bid would stand on iis merits of quality and price.

It is beginning to look as if the soft loan race is going the same way as the strategic arms race. "Deterrence" is the name of the game; but is it true that the bigger the arsenal, the bigger the deterrent?

Before things get out of hand, the providers of subsidy need to remind themselves of a few old truths. Subsidies distort commercial competition and trade. It is not government's job to buy market share by spoiling the market. A subsidy to one section of domestic industry is e tax on the rest, and soft trade finance is—as the Byatt report tried to demonstrate—an enormously expensive way of saving jobs at bome.

Furthermore, the purpose of aid money should be to promote sound, manageable development in the Third World, not to fund grandiose projects of sometimes questioneble valne just because your own contractors happen to have empty order books.

There is another point, less often recognised. A developing country, especially one short of foreign exchange, does itself no good in the long run by euctioning its projects to the bidder backed by the cheapest credit package. It may find that it is paying well over the odds for the work itself:

If the overseas buyer later discovers he has chosen the wrong contractor, the buyer, contractor, and donor government all lose out. Britain's Overseas Development Administration, which to its credit bas stoutly defended iis developmental policies against such practices can quote examples.

The OECD netions already have an agreement which is supposed to prevent the most flagrant under-cutting by rival governments. That agreement stipulates that if soft finance is offered at least a quarter of the total credit must be in tha form of aid. The idea is to prevent governments chipping in sweeteners here and there in order to win closely-fought commercial contests.

In tbe light of recent developments, that stipulation is elearly inadequate. The OECD has shown it can bring some order to other forms of credit competition: the so-called consensus, which controls preferential fixed-rate lending, now appears to be working well—partly perhaps because the combatants have found a new alternative in soft loans and mixed credits. It is to be hoped that OECD countries will be quickly driven back to the negotiating table to arrest the latest form of such expensive and foolish battles national exchequers.

Britain's wages round

Many speak but few act in the great pay curb campaign

By Philip Bassett, Labour Correspondent

"WE ARE, as a nation, again et a cross-roads." So the CBI, a tonch apocalyptically, in its exbortation to companies for pay restraint in this wage round. Harrogate, the stage for its annual conference next week, is likely to bear the same drum being beaten—but in practice, bow many are marching to it?

"I don't think people take much notice of what the CBI is saying," says Brian Lewis, buman resources director for Coca-Cola Northern Europe, based in London. "Exercises in moral persuasion don't carry much clout with the members," says Christopher Johnson, economic advisor to Lloyds Bank—and a member of tha CBI's aconomic sitnation committee. "There never are a great number of volunteers for setting a good example," says Dr James McFarlane, director-general of the Engineering Employers' Federation.

Not surprising, perhaps, when the other thrust of tha CBI's thesis, reflecting widespread industrial practice, is that companies should be left to settle pay at what they can afford. The Government, too, is pulled both ways: Mr Nigel Lawson, the Chancellor, warned again this week of the dangers of high pay increases weakening industry's competitiveness — while at the same time, the autumn statement seemed to be saying that under the economic conditions created by the Government, people in the UK are enjoying a rise in living standards, or pay rises above infletion.

True enough, according to industry. Mr Derek Jenkins, personnel manager of Atlas Copco, e small Hemel Hempstead manufacturing company just about to start its annual wage negotietions, says: "Settlement figures are almost independent of infletion. There is almost a bottom threshold, below which people will not settle. Anything below the 5 per cent figure is going to be difficult for them to come to terms with."

To that, there is widespread agreement. The Treasury says that "there may not be much change in the general level of pay settlements in the current wage round." Incomes Data Services, the pay research body, sees a roughly constant going range of deals of 5-8 per cent. The CBI pitches the range marginally lower, at about 4.5-7.5 per cent.

Despite the level of interest they generate, what used tn be the key, pacesetting deals—Ford, British Oxygen, Vauxhall—are that no longer: the pattern of pay is too disparate, too rooted in specific, individual company circumstances.

"Employers are now finding an enormous value and virtue in determining their own arrangements abont pay," says *Mr Dick Price, social affairs* director of the CBI. A personnel manager for a large engineering company agrees: "It all boils down to ability to pay—what can be afforded by the company. That's the single, overriding factor."

Even so, the CBI, with Ministers' support, are looking for a 2 per cent reduction in settlements this year. "Deals are running at about 2 per cent too high," says e metal manufacturing industrial relations manager. Another personnel director in manufacturing, says: "There is a tendency for business reasons to take the soft road, rather than refuse that extra ½ per cent, or 1 per cent. We ought to be refusing those extra increases, because you pay for them forever."

The problem may not be union pressure. "There is a more realistic approach from unions to companies being able to pay what they can afford," says Mr Jenkins. A recent survey by the Institote of Directors showed that 83 per cent of companies surveyed said they had not been faced with unreasonable demands from their unions. "What is interesting," says Professor William Brown, of Cambridge University, "is not why trade unions push, but why employers concede."

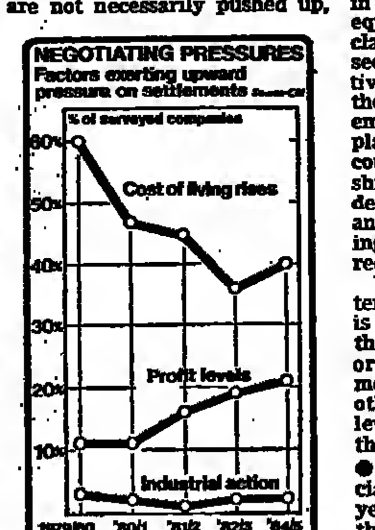
Dr McFarlane is, perhaps ruefully, realistic: "For each individnal firm little is to be gained by ettempting to settle e wage claim at 1 or 2 per cent less than your competitor: you are taking e big risk that you will have e dissatisfied workforce—in the extreme, even industrial action." Companies remember too uncomfortably the short order books of 1981-1982; with competition tougher, they want to keep on working, and may be prepared to pay a little more to do so.

They may have to. "Pay is too important a management tool to be left to the workings of the labour market," says Professor Brown. Maybe; but sometimes, management has littla choice.

Take, as an example, May and Baker, tha Dagenham-based pharmaceutical and chemical manufacturer, which *has just* conclnded a 6 per cent overall pay increase for its 1,200 staff. But for its 85 data processors, the company has had to introduce within that deal a wbolly new salary structure, relating progress through salary bands to performance, assessing twice a year whether adjustment is necessary. May and Baker found that keeping pace with the market for such highly sought-after staff requires more than annual increases.

Other companies, seeking to maximise their nutput, have concinded deals giving quite remarkable earnings from shiftwork. British Nuclear Fuels, for instance, has just reached an agreement giving basie rate increases of 5.75 per cent, but which incindes a weekly supplement for three-shift continuous working of £56.96—an annual rate of £2,962.

At Shell Stanlow, manual technicians working similar shifts are earning up to £15,150. Partly, these higher pay levels reflect structural change in the workforce, a blurring of bine- and white-collar distinctions. Partly they stem from industry's shedding in the recession, unskilled, lower-paid labour. Paybill costs, though, are not necessarily pushed up, *because of job cuts: Stanlow* saw its numbers fall by 30 per cent.



Bob Hutchison

"The argument of employers settling at 8-9 per cent is that they want a happy workforce, which will work properly," says Maurice Scott, of Nuffield College, Oxford. While Kenneth Horne, of the Robert Horne company, based in Northampton, says: "My company happens to be rather more profitable than most of my competitors. We are therefore very happy not just to pay high wages, but to add to those wages by profit sharing."

Managers probably are happier in thinking about pay than they were 12 months ago; while settlement levels may be higher, there is at least a greater stability ebout pay now which makes planning easier. Even so, they are having to juggle a number of factors which have bearing on their deals. These include the ettractiveness (and mostly, in practice, the anguish) of some of radical restructing packages egreed at companies like Borg Warner, or Babcock Power; reduced working time (mainly, not an issue: CBI figures show that 93 per cent of settlements last year contained no changes in bours); the growing issue of equal pay for equal value claims, over which managers see their finely-poised pay relativities being wholly disrupted; the balance of advantage to employers of the Government's planned reform of the wages councils; the looming statutory shift towards cashless pay; the decline in productivity bonuses; and widespread overtime working (more now than before the recession).

With such a fragmented pattern, ripping out any specifics is probably arbitrary; while they may reflect the concerns or the delight of some managements or their employees, to others they may well be irrelevant. But within those terms, three points may be significant;

● Strikes. The number of officially-recorded stoppages last year was already below that of the previous five years, which in their turn were down on figures in the 1970s. So far this year, *the 1984 total has been* almost halved—though, in fact, if strikes in coalmining are stripped out from the figures, stoppages in 1984 were higher than in any year since the Conservatives cama to power. Though the miners' strike helped temper union militancy, it has not affected the pay climate.

Pre-strike ballots, required under the Government's 1984 Trade Union Act, have played an important part in cutting down the number of stoppages. They can, however, do little to balt the flare-ups which cause most strikes, and which in the main go unrecorded tn the official figures. While the number of ballots (see table) is still small—and still running at about 2-1 in favour of taking industrial action—their impact on attitudes, unions' and managements', may be profound. Not simple, though; as Sir Pat Lowry, Acas chairman, pointed out this week, some ballots do affect employees differently, on closures, or on pay related to skills.

● Long-term deals. While it's hard to estimate how prevalent are pay agreements running for longer than the traditional 12-month period (a recent CBI survey suggested that they made up no more than 5 per cent of manufacturing industry settlements), there are more of them. An IDS study, looking at engineering deals, found that almost e third were for longer than e year. Companies covered inclnde JC Bamford, Timex, Hoover at Cambuslang, Burroughs and Cadbury Bourneville. Ford and Vauxhall are still both looking for a two-year deal this time round. Nissan's strike-free agreement for its new north-east plant builds in two-year deals as the norm.

Borg Warner's deal is astonishing: covering six years in total, with rises for the first three years already agreed, and for the next three to be settled in November 1988. This agreement introduced extensive changes to working practices and enabled the company to keep open its South Wales plant, saving 582 jobs, and *ushering in £30m in new* investment from its US parent. There is little evidence yet of any desire for even more radical arrangements such as the "give backs" now widespread in the US where employees agree to moderate pay demands in return for more jobs.

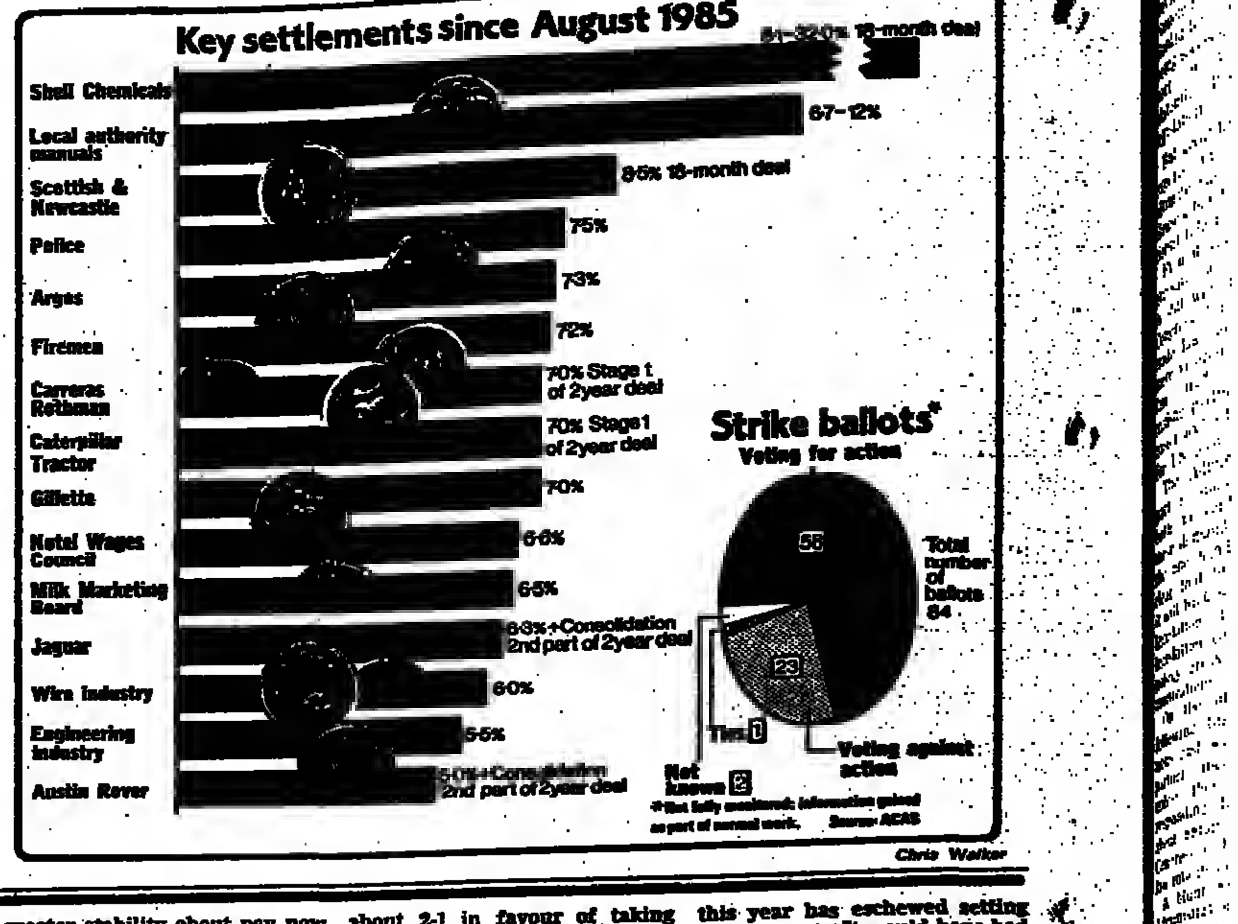
● Public sector. "The pressure will come from the public services," says William Whiteside, employee relations manager at Gallaher. "I think that the Government will find it very hard to hold them at the level they want—and that will feed through into manufacturing." Partly because manufacturing increases have been for some time outstripping those in the public sector, the Government this year has eschewed setting a pay target. It would have had to be 3 per cent again.

"The usefulness of a pay assumption at this level would be highly questionable," said John MacGregor, Chief Secretary to the Treasury, in a leaked memo. "Delegated budgets within departments . . . cannot indefinitely be based on artificially low pay assumptions."

With *this flexibility*, the public sector break-out feared by private sector employers may be deflected. The important local authority manual workers have settled, and settled at high levels; health service ancillaries are expected to secure a similar deal. The Civil Service unions seem to have all but rejected the Treasury's proposals for long-term pay arrangements, but look unlikely to take much action in support of anything else. The teachers' action continues, but may, through internal union division, be moving towards a messy resolution. The miners are a busted flush. Despite formal opposition to the privatisation of British Gas, workers in the industry may well emulate others in industries pre-denationalised and secure relatively high increases before the change. The nurses and the top salaried staff will again be a problem for the Government.

This is possibly a worry *for employers in the private sector*, but not one likely to bother employees. "People in manufacturing are getting reasonable pay increases," says Mr Whiteside. "Those in work are doing very nicely — very nicely indeed." Unemployment, survival, is still a factor, still a fear—for managements, as well as their workers.

"This really is a time of make or break," says the CBI about pay in this wage round. "What we do now will determine our prospects for the 1990s and beyond." Maybe so; but the employers may well have a hard job in practice convincing their own ranks, let alone those of the unions, that this drumbeat is the only rhythm to march to.



Chris Walker

Men and Matters

No summit, thanks —we're British

Where are the British? That was the qnestion being asked round the hall as delegates listened to the international economie cognoscenti debate the future of the world's monetary system at the Washington "Congressional Summit" on exchange ratee and the dollar, organised by senator Bill Bradley and representative Jack Kemp.

The nation of Lord Keynes, one of the two principal architects of the Bretton Woods system, was the only member of the group of five industrial countries not to have a senior official either speaking or in attendance.

The British government firmly denies the complaint by one of the conference's organisers that Britain did not even bother to reply to the invitation. A telephone response had been made, I was told.

But it was just impossible, said the British government official, to get a senior man there in view of the rash of meetings on international economic issues in Europe this week.

Conservative MP Bowen Wells, who was present with Shirley Williams and Anthony Sampson, both from the Social Democratic party, argued that it is the lack of consensus in the British government about monetary reform which explained the absenee.

Perhaps, also, people were caught on the hop when the event was launched. For this privata enterprise summit seems an odd mixture of serious intent, political ambition, and just plain good old Yankee hype.

As one organiser confessed. Anybody can eall something "Congressional"—even a liquor store.

Lend an ear

Some interesting reflections on "unwary bankers" eppear in this month's Banking World from Martin Harper, former managing director of Charterhouse Japhet, who a decade ago helped clear up Keyser Ullman's problems and is now doing the same for Johnson Matthey.

"A recurrent trap for the unwary banker seeking to expand his lending — and, bopefully, his profits — is the opportunity to lend large amounts to the apparently affinent," says Harper.

"These opportunities are so tempting and seem so certain and so safe that in some bankers, and not always the inexperienced, they eppear to result in a suspension of the critical faculties.

"It is interesting to speculate why, despite all our training and natural scepticism . . . we continue to be taken to by the confidence man and the criminal optimist.

"Perhaps," says Harper, "it *is because most bankers have* little contact with those who really possess massive wealth. And conspicuous consumption—et least on the scala practised by some international entrepreneurs — has long been out of fashion in this country.

"Your true multimillionaire . . . has a tendency towards frugality and does not often turn np seeking a facility from a banker with whom he has no previous acquaintance."

Khoo's entry

The City can expect to bear a lot more in the next few months about Tan Sri Khoo Teck Puat, the Malaysian financier, who yesterday bought a 22 per cent bolding in Exco International, the money broking group.

Tan Sri Khoo (the Tan Sri is an honorary Malaysian title) bought the Exco shares less than 24 hours after British and Commonwealth Shipping placed them with the *Kuwait* Investment Office for what seemed a long-term investment. It takes his total stake to nearly 25 per cent.

He may be little known in London, but the 96-year-old Tan Sri Khoo is one of South East Asia's wealthiest entrepreneurs with extensive hotel and property interests.

Born in Singapore, the 13th son of a Hokkien Chinese immigrant, Tan Sri Khoo decided against going into the family property and rice trading business and turned instead to banking.

After spending 28 years with the Overseas-Chinese Banking Corporation and helping to turn it into one of Singapore's "big four" domestic commercial banks he left after a disagreement. He went on to set up Malayan Banking and then went into the hotel business, starting with the Goodwood Park Hotel.

He now owns several hotels and has bought and sold several more at a profit. Not all his deals have been successful, however. Last February he launched a US$24m bid for Wheelock Marden, the Hong Kong-based shipping and property group but was beaten to tha prize by Sir Y. K. Pao, the Hong Kong property and shipowner.

Tan Sri Khoo's business empire reaches into Australia and Brunei as well as his native Singapore. The purchase of the Exco sbares is believed to be his first move into Britain. Exco managing director, Bill Matthews, bopes to beve a better idea today whether this is merely the first step towards e full bid.

Air service

Sir Robert Lickley, one of *Britain's foremost aeronautical* engineers whose 50-year career bas spanned the Hurricane and the Harrier, retires this week.

Now aged 73, and e director of Fairey, the reserved but *sometimes waspish Scot started* work as a stressman at Hawker Aircraft in 1933 wbera be was associated with the development of the Hurricane and later the Typhoon, which became famous for its interception of German V1 rockets.

In 1946, at the age of 34, Sir Robert established at Cranfield College of Aeronautics the first department in Europe (and probably the world) to teach aircraft design at graduate level.

He joined Fairey Aviation in 1951 as chief engineer and became managing director in 1959. During those years, Lickley led a technical team at Fairey which was responsible for a remarkable range of aircraft and other projects.

These included the Gannet anti-submarine aircraft, the Ultra Light jet helicopter, the Fireflash air-to-air guided weapon, the Fairey Delta 2 research aircraft and the Fairey Rotodyne belicopter.

The Fairey Delta 2 was the first aircraft to fly at over 1,000 mpb and soma of its features were incorporated in the BAC research aircraft used to develop the supersonic airliner.

Sir Robert returned to Hawker in 1960 and in the following 16 years was involved with the development of many fighter/strike aircraft, but, in particular, the Harrier jump jet. He played a considerable personal role in tha sala of that aircraft to the US.

From 1976-79, ba was head of tha Rolls-Royce support staff et the National Enterprise Board, and also became a non-executive director of Fairey, a position he retained when Pearson bought the company from the NEB in 1980.

Sir Robert is the only man to have been elected president of both the Institution of Mechanical Engineers and the Institution of Production Engineers.

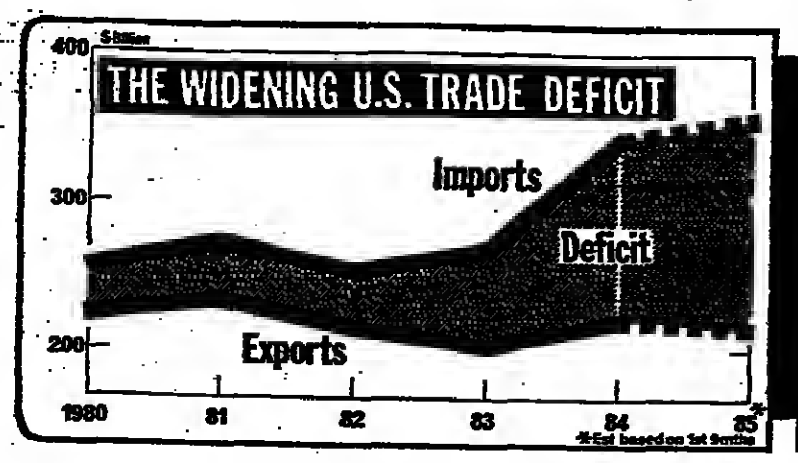
Observer

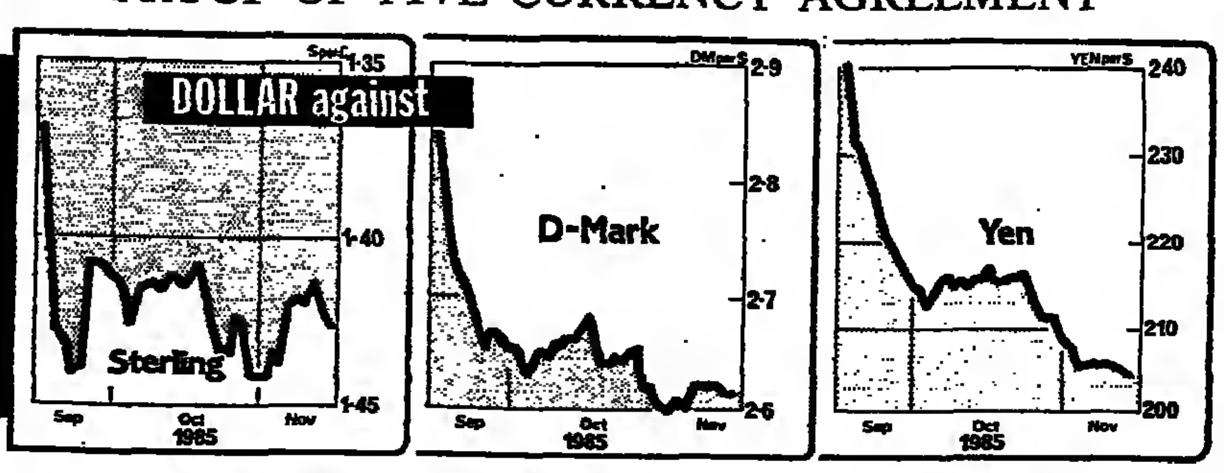
BASE LENDING RATES

ABN Bank	11½%	■Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
Bank Leumi (UK)	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Giro Bank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid East	11½%	People's Trust	12½%
■Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		Standard Chartered	¶11½%
Citibank NA	11½%	TCB	11½%
Citibank Savings	‡12½%	Trustee Savings Bank	11½%
City Merchants Bank	11½%	United Bank of Kuwait	11½%
Clydesdale Bank	11½%	United Mizrahi Bank	11½%
C. E. Coates & Co. Ltd.	12 %	Westpac Banking Corp.	11½%
Comm. Bk. N. East	11½%	Whiteaway Laidlaw	12 %
Consolidated Credits	11½%	Yorkshire Bank	11½%
Continental Trust Ltd.	11½%		
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		
■Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‡ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

US TRADE POLITICS AND THE GROUP OF FIVE CURRENCY AGREEMENT





A respite for the President . . .

BY AGREEING to make a devaluation of the dollar a top economic priority, President Ronlad Reagan has for the time being succeeded in eroding support on Capitol Hill for blatantly protectionist trade legislation.

But according to many trade experts in Washington the ultimate success of the White House's bid to turn the protectionist tide is still in doubt.

Even if rabidly protectionist pressures are contained, there is still widespread support in Congress for reforms in US trade laws aimed at attacking more vigorously allegedly "unfair" trade practices by US trading partners, or at forcing easier access to foreign markets for US goods and services.

The Administration for its part is simultaneously trying both to control and exploit these demands for reform. On the one hand it is making it clear that to satisfy Congress it will back some form of trade legislation, including perhaps legislation covering high technology areas such as telecommunications.

On the other hand, it is following time-honoured traditions and warning its trading partners, including Japan, that unless they are flexible, in responding to US complaints about unfair trading practices Congress is liable to take the taw into its own hands.

A blunt reminder that the Administration's trade policy problems are far from over came last month when the Commerce Department reported that the trade deficit in September surged to a new record of $15.5bn

"There is only a respite from demands for protection says Mr Alan Wolfe, a former deputy US Trade Representative and now a top trade lawyer in Washington. Mr C. Fred Bergsten, Director of the Institute for International Economics in Washington and a former Assistant Secretary for international economic affairs at the Treasury, warns that whether or not protectionist pressures once again intensify depends on how successful the agreement by the Group of Five major industrial countries is in correcting the over-valuation of the US dollar on the Bergston believes that the foreign exchanges. Mr strength of the dollar has accounted for about three quarters of the rise in the trade deficit from $36bn in 1980.

Even Administration trade officials are conceding that the historic September 22 announcement by the G5 countries to try to co-ordinate their economic policies and engineer a devaluation of the dollar has not yet had a big enough effect to achieve the badly needed correction in a trade deficit which will hit between $130bn and $150bn this year.

Commerce Department Secretary Malcolm Baldrige and Dr Clayton Youtter, the President's Trade Representative, have said that further declines in the dollar's value of 10-20 per cent are needed to restore US competitiveness.

On Capitol Hill, however, the Administration's startling admission on September 22 that it now viewed the dollar's strength as a major economic problem rather than a blessing in disguise, has won it time to try to regain the initiative on the trade issue just when many Democrats were beginning to see it as a political windfall which might boost their party's chances in next year's mid term elections.

Congressmen have had to put dozens of protectionist Bills on the back burner in the face of strong public support for Mr Reagan's free trade/fair trade stance and the Democrats have had to think carefully about how to try to capitalise on the trade deficit issue and at the same time avoid being tagged with the protectionist label.

"Congress has a bloody nose," says one Capitol Hill trade policy adviser. "People are too embarrassed by too much extremism," adds Mr Harald B. Malgram, a Washington-based trade consultant.

The clearest evidence that the protectionist fever has abated for the moment is the time Congress has spent recently on other things. Since the middle of October, attention has focused on the battle over the budget reform process. In between times the House Ways and Means Committee, the panel which has prime responsibility for originating trade legislation in the House, has been occupied with the tortuous business of trying to write a tax reform bill aceptable not only to the President but also to the myriad interest groups bent on achieving their own definitions of simplicity and fairness.

At the same time support for sweeping "*solutions*" to the trade problem such as the imposition of an import surcharge, has faded.

The continued support for textile quotas, the manoeuvring in congress and the initiatives the administration has been taking to respond to the political pressures it senses all show that trade as a political

Protectionist Bills put on the back-burner

issue is anything but a spent force.

Democrats in the House and the Senate and House Republicans have issued trade reform proposals designed partly to keep up pressure on the administration and partly to position themselves ahead of next year's mid-term elections against partisan attacks that they are weak on trade issues. The similarity of the tax reform proposals coming from both parties in Congress is further evidence of Mr Reagan's success so far in setting the trade agenda.

In the House, both parties are calling for international monetary reform to stabilise currencies. There are also demands to reduce Presidential discretion in deciding some trade cases. Senator John Danforth is still pushing for legislation which would restrict foreign imports of telecommunications equipment unless US manufacturers' access to overseas telecommunications markets is improved, a proposal which is seen to be aimed at Japan, West Germany and France in particular.

There are widespread predictions that Congress will insist that the US open up formal international talks on the world monetary system when it gives its authorisation for the Administration to start a new GATT round of trade negotiations.

Some Administration officials are hinting that the White House might ultimately support Senator Danforth's Bill. High technology trade is an area the White House sees as being filled with trade distortions that hit the US particularly hard.

The White House for its part is seeking to demonstrate that it is responsive to Capitol Hill's concerns. The President has indicated support for tightening up some elements of US trade law to improve protection for intellectual property rights, for example, and for the first time the Administration has initiated trade actions under sweeping section 301 of the Trade Act.

There are fears, particularly amongst US trading partners, that if pursued too aggressively such initiatives could in effect be setting up the US as judge and jury on contentious issues and help to undermine the GATT. Trade reform legislation could also, in some cases, tend to have this effect. That is not the way it is seen on Capitol Hill, where the argument is that action needs to be taken to level an international trade playing field which is tilted against the US.

Now that trade has been recognised by the Administration as a political threat to the President, and the issue is receiving regular Cabinet level consideration, trade officials including Dr Yeutter are said to be finding it easier to rally support in the White House for trade policy priorities. These are seen to be continued efforts to resist protectionist legislation, the implementation of policies designed to improve US companies' access to foreign markets, and the initiation of a new round of GATT negotiations.

There is a widespread recognition both within the Administration, and outside it, that reforms of trade laws and pressures to improve access for US goods to foreign markets are not of themselves going to have much of an impact on the trada deficit. The Institute for International Economics, recently published a study arguing that market opening measures by Japan could be expected to reduce by only $5-8bn a bilateral deficit expected to hit $50bn this year. This impact would be reduced by about $5bn if the US removed its barriers to Japanese goods. A cheaper dollar, defined as a Yen/Dollar rate of Y180, on the other hand, would cut the bilateral deficit by $17bn, according to the study.

Such conclusions explain why trade scholars such as Mr I. M. Destler at the Institute maintain that "a lot is riding on the (G5) currency adjustment initiative."

Stewart Fleming
in Washington

. . . but it's all down to the $

AFTER THEIR initial success in engineering a sharp fall in the dollar's value after the New York meeting on September 22, the central banks of the Group of Five major industrial nations appear less certain on the next move.

Agreement to get the US currency down from the levels of August was (in retrospect) easy enough — as has been determined action to make sure that it does not rebound—but differing perspectives have emerged on the appropriate follow-up.

The question governments now face is whether to aim for another sharp downward adjustment in the dollar's value through stepped up intervention and co-ordinated interest rate policies. Or whether to seek to hold the US currency at around present levels, encouraging small declines as the opportunity arises.

Central bankers and finance ministry officials from the five major players—the US, Japan, West Germany, Britain, and France — are understandably coy about their next move.

The lesson they have learnt from the gyrations on the foreign exchanges over the last year is that it is crucial to keep the markets guessing to maximise the effectiveness of intervention.

They do not deny, however, that there are different shades of opinion both within and between different governments.

What has become clear over the past two months is that the core of the intervention accord was a decision to engineer a sharp appreciation of the Japanese yen against the dollar.

Since the key aim was to head off protectionist pressures in the US Congress, Japan's huge trade surplus with the US was the first obvious target.

Japan accounts for nearly 30 per cent of all US imports of manufactured goods and, helped by the depressed vatoe of the yen, its exports to the US have risen by more than 80 per cent over the past four years.

The Europeans were ready to help the process along but, West Germany in particular, were not prepared to take the lead role that it had assumed in previous bouts of intervention.

This asymetry is reflected in what has actually happened on the currency markets since the

The gyrations on the foreign exchanges

New York meeting. The yen, bolstered not only by intervention but by the Tokyo government's decision to reinforce the impact of dollar sales by pushing up its domestic interest rates, has appreciated by around 17 per cent.

The D-mark in contrast has risen by only about 8 per cent and sterling by just 4 per cent.

The net result is that the yen has gained not just against the dollar but against every other major currency. Sterling's rise against the US currency has been counterbalanced by falls against those of its European planners, a combination regarded as ideal by the British authorities.

On the markets themselves, the Bank of Japan and the US Federal Reserve have been the key players, both spending billions of dollars. The Bundesbank, accustomed in the past to grabbing all the headlines, has been relatively subdued.

(Central bankers are reluctant to divulge how much they have spent overall though they do not demur when figures of over £10bn are mentioned.)

Mr Karl Otto Poehl, the Bundesbank's president, has also sought to squash speculation that Japan's move to raise its interest rates implied that the New York agreement included specific arrangements to keep up borrowing costs outside the US.

European central banks insist that, while the Tokyo Government's action is consistent with the general desire to seek a devaluation of the dollar, it was a unilateral decision.

"Of course we have not committed ourselves to raise our interest rate level and thus reduce the gap with US rates and achieve a correction in the dollar through this means," Mr Poeht said earlier this month. "Nobody would have demanded this of us and nor would I have agreed to it."

Reading between the lines of such statements is the suggestion that while Japan—acting in its own self-interest—will not be discouraged from further attacks on the dollar, European governments are for the moment more interested in preventing a rebound.

An uncontrolled slide in the dollar's value could trigger a sharp rise in US interest rates, threatening economic growth in both the American and world economies.

That very real fear—shared by the US authorities—is accompanied by a feeling in some European capitals that the dollar's current value is far from inconsistent with a more vigorous recovery on this side of the Atlantic.

"We still believe the dollar is overvalued. But it is a question of how much you can do in a short space of time, particularly when there is no real progress yet on tackling the fundamental problem of the US budget deficit," the central banker said.

The Europeans insist, however, that the dollar's present levels do not represent a target zone which they will seek to maintain. Further raids are always a possibility, particularly if the markets seek to test the bank's resolve.

And if protectionist pressures on Capitol Hill were to show signs of a major revival, the possibility of another major assault could not be ruled out.

Philip Stephens
Economics Correspondent

Letters to the Editor

Marketing insurance

From Mr J. Lynch

Sir,—Mr Short (November 4) takes the lid off a hive of activity by persons wishing to do business with life insurance companies; an activity which appears to be misguided, and—I mix my metaphors—barking up the wrong tree making a thorough dog's dinner.

Going back to basics, the Insurance Companies Act 1974 defines insurance which can only be transacted by authorised insurers who write their business in various ways and through a variety of intermediaries.

Insurance brokers have already submitted to registration under the provisions of the Insurance Brokers (Registration) Act 1977, the main privilege of which is that brokers are independent of insurers; all other intermediaries are the responsibility of the insurer(s) with whom they place business hence they cannot claim to be independent if only because of the potential conflict of interest arising from this responsibility of insurers.

It follows that if any intermediary who has not yet submitted to registration wishes to claim independence the only thing necessary is to obtain registration under the existing legislation and there is no need for a plethora of regulatory bodies. If some intermediaries wish to restrict their involvement in insurance to specific classes of business, eg "ordinary long term business" doubtless the Insurance Brokers' Registration Council will consider whether this will warrant modification of its rules.

Referring to so-called hybrid agents, namely commission-only agents dealing with more than one principal and who are said to be self-employed, it is not necessary to look further than the building trade and the problem of "The Lump;" anyone familiar with employers liability insurance knows there is ample legal precedent that it is "control" and not who pays the stamp" which determines the existence of an employer/employee relationship.

In conclusion, the reference to "registered insurance brokers"—anyone who is not registered is not an insurance broker.

J. G. Lynch.
1 Byron Parade,
Uxbridge Road,
Hillingdon, Middlesex

Funds of funds

From Mr D. Garrett

Sir, — I may have missed the point, but why such a debate over "funds of funds"? Insurance companies have been running such managed funds for many years — and without the benefit(?) of DTI regulation.

Moreover, financial journalists nowadays seem to be uncritical, indeed somewhat in favour, of insurance companies' managed funds (*vis-à-vis* the with-profits alternative or specialist-sector funds).

A unit trust "fund of funds" appears to me to be just the same animal.

David Garrett.
5, Wycecliffe Road,
Henleaze, Bristol.

Structural change

From Diane Elson

Sir, — Dr Wolf (November 2) asserts that arguments for government co-ordination of structural change (such as adjustment to the decline of UK oil revenues) are an exercise in "theoretical fantasy." He makes fashionable sneers about reliance on the "altruism of politicians and bureaucrats," and extols the foresight of the capital market.

But one does not have to believe in the saintliness of ministers and permanent secretaries, nor to believe in their superior wisdom, to argue that government co-ordination of long-run structural change is likely to produce better results. On motivation, one simply has to assume that the objects of the self-interest of politicians and bureaucrats, and the constraints under which they operate, are different from those of shareholders, dealers, managers and businessmen. The silliness comes in believing that a simple model of profit-seeking behaviour which may do well enough for the latter can be transferred to the former group, with profits replaced by "votes," "size of budget," etc.

Of course politicians and bureaucrats are self-interested in their exercise of state power — but that self-interest extends to a concern for reputation for statesmanship or public service; and to the judgment of historians as well as contemporaries. If advocates of government co-ordination wish to show how hardheaded and realistic they are, they can claim to be relying on the vanity rather than the altruism of politicians and bureaucrats. Less cynically, they could suggest that politicians and bureaucrats derive private satisfaction from pursuing the public interest (necessarily, the public interest as they see it).

This may seem an odd, even a perverse, pleasure to those whose satisfaction is derived from making a killing on the Stock Exchange. But the efficient operation of the Stock Exchange, or any other market, depends on there being employees of the state sufficiently "altruistic" not to view public office solely as a source of immediate personal enrichment or aggrandisement. How else can the law of contract be upheld?

The case for government co-ordination does not rest on the idea that public officials know best, but that public officials are better placed to promote the pooling and diffusion of information about new technology; to take into account the interaction between decisions of individual enterprises and the macroeconomic environment. This is not because public officials have magical powers, but because they are not constrained to consider the profitability of each enterprise separately. They can taka an overview of the viability of whole sectors of the economy. Tha problem with the capital market, on which Dr Wolf would have us rely, is that it must value each firm separately, taking everything elsa as given, and thus fails to take into account externalities.

To be sure, neither public co-ordination nor private markets are perfect mechanisms, but is it so realistic to place all our faith in the "creative finance" and "appalling young men" of tha capital markets, and none in tha sober officials of NEDO and the Department of Industry?

Diane Elson.
Department of Economics,
University of Manchester,
Manchester.

Speeding the mail

From the Head of Letter Planning, The Post Office

Sir, — The postcode is designed to speed mail through modern mechanised sorting offices — not as a substitute for the full, correct address (Mr J. K. Money, November 8).

Postcodes enable electronic machinery to sort items right down to a postman's walk, with each of them covering up to 70 individual addresses.

At journey's end, however, the postman still needs the right address to ensure correct delivery. Nevertheless, it is possible for the postcode to assist our staff in tracking down the right destination for otherwise incorrectly or inadequately addressed items.

Every year, local knowledge of postal staff enables millions of wrongly addressed letters to reach their destinations. Failing that, undeliverable items are returned to the sender where this is possible.

C. W. Johnson.
33, Grosvenor Gardens, SW1.

Shopping together

From Mr N. Whittaker

Sir,—Christopher Townsend of the Jubilee Trust (November 11) gives a misleading picture.

It is clearly not true that "consumers have six days to shop already." Many consumers are working most of the time shops are currently open. Working women and married couples need more time to shop and retailers are serving their customers ill if they are not ready to open when customers demand it. For permanent employees, a major benefit of the seven-day rota is that retail employees can have more whole weekends free than under the six-day system.

Sabbatarians and their associates claim that they are defending not their own vested interests but the quality of life on Sundays. Shopping is by no means an alternative to Church-going, and evidence from elsewhere in the world confirms that Sunday shopping is is predominately a leisure and a family activity, consonant with Sunday being a special day in the modern mode. Incidentally, there is no evidence that Church-going suffers either.

Nigel Whittaker.
Open Shop,
242, Marylebone Rd, NW1.

Food for many consultations

From Eva Lester.

Sir,—If Nigel Andrews (November 8) were to attend a residential course for doctors, he would be reassured to find that they, like him, were having bacon, eggs, fried bread, coffee with cream and toast and marmalade too for breakfast. On the other hand, he would see that almost none of them was smoking. This suggests to me that my colleagues do believe what they tell their patients about smoking but not about food.

The question, however they word it, that many of our patients are asking us is how they can stay young and fit and live for ever. The truthful answer is that we do not know. This puts some doctors in a difficult position since they feel that they are required to offer positive advice rather than uncertainty. Low fat, low sugar, high fibre, low salt and most recently high potassium can provide food for many consultations.

Eva Lester.
North Middlesex Hospital,
Edmonton N18.

FINANCIAL TIMES
Friday November 15 1985

Britain delays SDI agreement

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN'S agreement to participate in the US Strategic Defence Initiative programme, drawn up last month as a memorandum of understanding by Mr Michael Heseltine, the UK Defence Secretary, and Mr Caspar Weinberger, his US counterpart, is being delayed for political reasons.

It is understood that objections to the agreement, which would provide a framework for British companies and research bodies to participate in the $26bn Star Wars research programme, have come from within the British Cabinet, particularly from Mr Leon Brittan, Trade and Industry Minister. However, it is also thought that Mrs Thatcher, the Prime Minister, is less keen to see a speedy signature of the agreement following last week's award of a $4.3bn US Army contract to the French Rita communications system rather than to the British Ptarmigan.

The draft memorandum of understanding negotiated by Mr Heseltine and Mr Weinberger in Brussels last month failed to provide Britain with the guarantees of a $1.5bn share of the research programme for which Mr Heseltine – backed by Mrs Thatcher – had originally asked.

However, the memorandum provides for British companies to compete for contracts in at least 18 specified areas of SDI research on an equal basis with US companies. Mr Heseltine said at the time that as far as he and Mr Weinberger were concerned, the agreement could be put into operation immediately.

However, it now appears that following Cabinet discussions in London, Mr Brittan and his officials at the Department of Trade and Industry have queried some of the terms of the agreement. They are said to be especially concerned about clauses protecting so-called intellectual property rights to the ownership of sensitive technologies which might emerge from British companies' work.

More broadly, Mr Brittan and some other ministers have questioned whether it is right for the UK to divert scarce scientific resources into yet more military research. The Government is already agreed that an effort should be made to correct the existing imbalance where more than half of the Government's research spending is on military projects.

Even though Britain will not be investing government money on SDI participation, it is argued that the programme could preoccupy too many of the nation's senior scientists.

It is not yet clear whether Mrs Thatcher will accede to the requests of some of her ministers for further cabinet discussions. It is suggested that Mr Heseltine could be asked to renegotiate certain aspects of the memorandum when he meets Mr Weinberger again in Brussels for the Nato defence ministers' planning council next month.

Much may depend on the outcome of next week's Soviet/American summit in Geneva where the SDI will be a key topic. It remains possible that Mrs Thatcher and Mr Reagan could initial the memorandum when they meet for a Nato post-summit briefing session next weekend.

For the time being, however, Mrs Thatcher herself seems to be in no hurry to conclude the agreement, partly because she would like the dust to settle on the affair of the US Army contract. She and Mr Heseltine are both angry that they used their political influence to try to win the contract for Britain not knowing the disparity between the bids involving the British and French companies.

Thompson CSF with the US company GTE won the contract with a $4.3bn bid against the Rockwell-Plessey bid of $7.4bn.

The British ministers are smarting less from the US decision toward the contract to the French – which they regard as inevitable given the disparity in the bids – than at their embarrassment at having been advised to intervene in what was obviously a lost cause.

US to explain defence order, Page 8

CCF chief quits after clash with Paris over bank links

By David Marsh in Paris

MR CLAUDE JOUVEN, chairman of Crédit Commercial de France, one of France's largest nationalised banks, announced his resignation yesterday after a dispute with the Government over a link-up with two smaller state-owned banks.

Mr Jouven took over in June 1984 as the third chairman of CCF in just over two years. His sudden decision to quit yesterday – the first resignation of a major nationalised bank chairman since the Government extended state banking ownership in February 1982 – is bound to confront CCF with fresh uncertainty over its future strategy.

Banking officials said Mr Jouven chose to quit after the Finance Ministry insisted that Mr Lucien Pfeiffer, head of the smaller Union de Banques à Paris (UBP), should keep his job in spite of differences between the two men. UBP is linking up with CCF along with the loss-plagued ex-Rothschild bank, L'Européenne de Banque (EB) as part of the Government's strategy of pushing smaller nationalised banks into alliances with larger institutions.

Mr Jouven entered the bank after a career in industry, above all with Unilever and the furnishings group Sommer-Allibert. Between 1982 and 1984 he was in charge of the Government's price control efforts as head of the Consumption and Competition Commission.

Mr Jouven, known to combine a strong personality with Socialist sympathies, was particularly close to Mr Jacques Delors, the former Finance Minister. But his differences with Mr Pfeiffer, which have been simmering for about 18 months, devloped into a personal confrontation with Mr Pierre Bérégovoy, the present Finance Minister, over the nomination of board members to the Compagnie Financière du Crédit Commercial de France holding company.

This holding company is due to take a 51 per cent stake in CCF, UBP and EB in order to formalise the link-up between the three banks. Mr Jouven opposed the renomination of Mr Pfeiffer as chairman of UBP which would have given the latter an automatic seat on the board of the holding company. Mr Bérégovoy's refusal to give way came to a climax yesterday when state representatives boycotted a board meeting at CCF, sparking off Mr Jouven's resignation.

CCF, the 10th largest French bank in terms of assets, has been trying to weather successive changes in its organisation in the wake of three successive chairmen

THE LEX COLUMN

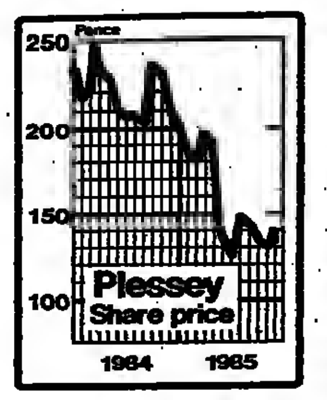
Plessey seeks the X-factor

If any aspect of the UK electronics industry needs to be thoroughly understood by the stock market, it is surely the matter of supplying System X to British Telecom. Yet the reception accorded yesterday to Plessey's half-year results shows that to the present state of knowledge there is no business more mysterious. Mutual incomprehension about accounting policies, and some frank puzzlement over the rate at which Plessey is delivering and taking credit for profits on this crucial product, left the market at sixes and sevens.

The divergence of views is such that serious analysts of the company are more or less evenly divided between those who regard the shares as seriously undervalued on a prospective multiple of eight, and the rather apocalyptic pessimists who see Plessey as too precariously suspended over the abyss currently inhabited by STC. If yesterday's information did little to resolve the clash of views, the clash of wills has so far gone to the bears; at one stage yesterday morning the shares were bid up to 148p, but in late trading a more likely price was 20p lower.

Though Plessey's actual figures were mediocre, pre-tax profits for the quarter to September of £31m were no worse than most people had feared, down by a fifth on the same period of 1984. Currencies were unfavourable, except in translating the losses of Stromberg Carlson, while lack of spare cash around the oil-producing world is still making life hard for vendors of military radio. Order books in electronic systems are evidently not as long as they were, and may well promise increasingly patchy use of some overheads. On the credit side, Plessey's private telecom switching appears to be doing very well, and aerospace more than held its own.

The key, however, is when the build-up in System X manufacture translates into a corresponding profit. Bulls of Plessey look at the £200m planned for delivery by the year end and conclude that the profit element in contract completions should start to catch up in the final quarter, as more switches are approved and connected to the BT network; on this view it is possible to see pre-tax profits of £170m for the year, and £190m next, as Plessey pulls back the excess part of its warranty provisions. At the other extreme, sceptics are wondering whether the BT volume plans for 1985 will be generous enough to compensate for meanness in pricing.



Perhaps the clearest inference, after the Ptarmigan disappointment, is that for Plessey to re-establish a clear upward trend in profits, the System X contract will have to deliver the goods. For Plessey shareholders in need of reassurance, yesterday at any rate produced results from Ericsson – provider of System Y – that were even worse; a third quarter loss of SKr 135.8m knocked Ericsson's share price right back to the level, around SKr 185, from which its recent rally had begun.

Beazer/French Kier

The bid tactics of C.H. Beazer are nothing if not flexible. Forgotten is the tender offer with escalation clause for SGB, which may net a £2m turn but certainly not the company. In the case of French Kier, Beazer has received its bid platform on a plate after Trafalger House failed to place its 26 per cent stake in a very public offering. The question now is whether Beazer is bidding at a sufficient premium to Trafalgar's 210p placing price to shake out the other holders in one go.

Beazer's share price was valuing French Kier at 233p a share last night, which scarcely looked a winning figure. The institutions stand to receive new Beazer equity at a 20 per cent discount through the underwriting of the cash alternative, but the French Kier price, which closed up 21p at 245p, suggested that something more substantial would be required.

Beazer is displaying studied indifference to French Kier's attempts to take over Abbey, as well it might. The combined group's housebuilding activities will remain small beer to Beazer. With Trafalgar House still able to vote against the Abbey offer later in the month, the outlook is anyway less than encouraging for French Kier. Beazer is frying bigger fish: with what is in effect a 2 for 3 share issue, it will all but double its market capitalisation and provide a balance of risk and cash-flow by adding contracting to its housebuilding activities.

However, in picking on a well-run business, which has seen its profits grow steadily since the horrors of 1974, Beazer has given hostages to fortune – or rather the French Kier management. Beazer accepts that skills which may be dynamite in Britain may not transfer to Papua New Guinea; and to preserve the value in the Beazer paper being pushed out, it will need to keep those French Kier managers.

Royal Insurance

If Wednesday's results from Commercial Union confirmed the creation of a dunces' class among UK-based composite insurers, yesterday's from Royal Insurance showed the scholarship children on their best form. Third-quarter pre-tax profits of £34.4m show almost an adequate return on capital. And in declaring the US recovery official for the London stock market, Royal also revealed a number of particular virtues.

With third-quarter growth in US premium income of 26 per cent, Royal not only leaves Commercial Union standing but is running at double the rate of General Accident. The real growth is coming through in commercial classes, which showed an increase over the nine months of over a third. But the growth is entirely price-related, so there need be no anxiety about a race for market share which will be all that more difficult to shed when the cycle turns down. And it is only now – with the US operating ratio a full 10 points better than last year – that Royal is prepared to commit new capital to support the surge in US premium income. It is even underwriting a couple of US lines at a profit.

With US profits sheltered by all those tax losses accumulated in the trough, the market is rubbing its hands at the leverage of Royal's earnings: the share price put on 33p to 763p, and dragged up the other composites (except for poor CU) in sympathy. But the market has been burned before and may not quite be ready to rate Royal on a multiple of peak earnings that could, with luck, be well over £1 a share.

Beatrice agrees to KKR takeover

By Paul Taylor and Terry Dodsworth in New York

BEATRICE, the US food and consumer goods group, yesterday agreed to a sweetened leveraged buy-out bid by Kohlberg, Kravis, Roberts (KKR), the Wall Street investment firm, worth $50 a share in cash and securities, or a total of $5.45bn.

The deal, if completed, will represent the biggest-ever leveraged buy-out – substantially larger than the proposed $3.5bn acquisition of Macy, the US department store chain, planned by a team of senior managers. In a leveraged buy-out debt raised to finance the acquisition is secured using the assets of the target company.

Yesterday's announcement appears to end a month of uncertainty over the future of the $12.6bn-a-year Chicago-based conglomerate whose brand name products include Tropicana orange juice, Max Factor cosmetics, Playtex underwear, Samsonite luggage, the Swift/Hunt-Wesson food business and Avis car rental operations.

KKR had been the favoured bidder ever since it launched its initial $45-a-share offer in mid-October. Victory for the New York firm would underscore its position as the leading practitioner of leveraged buy-outs and the rapid development of the technique. The first billion-dollar deal occured only about 18 months ago.

Like several other recent takeover deals, Beatrice's board-approved agreement with KKR includes a "lock-up" option designed to deter rival bidders. Beatrice has granted Kohlberg Kravis Corporation, a new company formed to complete the acquisition, an option exercisable under certain circumstances to buy either the company's grocery group and Tropicana units for $2.39bn, or the Tropicana, meat, soft drinks and bottled water businesses for $2.41bn.

Under the terms of the agreement KKR is proposing to swap each Beatrice share for $43 in cash and cumulative preferred stock worth $7 a share.

Yesterday Mr William Granger, Beatrice chairman, said the deal was "an excellent transaction for our shareholders" and noted that KKR had previously agreed to keep the company "as a major and growing enterprise headquartered in Chicago."

Precise details of the proposed deal remain sketchy. KKR has said it has commitments from three New York banks to provide the bulk of the financing for the deal and that its investment adviser, Drexel Burnham Lambert, is confident that the remainder can be raised through debt-financing.

Beatrice managers are expected to be offered an equity stake in the new private company.

Kuwaitis sell Exco stake to Malaysian for £4.5m profit

BY CHARLES BATCHELOR IN LONDON

TAN Sri Khoo Teck Puat, the wealthy Malaysian hotel and property owner, emerged yesterday as the surprise purchaser of a 22.2 per cent stake in Exco International, a leading money broker – a day after the shares had been bought by the Kuwait Investment Office (KIO).

Tan Sri Khoo paid £116.5m ($163m) for the Exco shares, which were bought on Wednesday for £112m by the KIO from its original owners, British & Commonwealth Shipping (B&C), the financial services and transport group headed by Lord Cayzer.

The second rapid change in the ownership of the Exco shares within two days surprised Exco and embarrassed B&C, which imagined the KIO would be a safe long-term haven for the 52m shares.

Mr Bill Matthews, Exco's managing director, said: "This must be one of the most amazing and odd transactions that has ever taken place. We find it baffling."

B&C said: "We don't feel very happy about it. We thought the shares had gone to a long-term holder. Today we find they have done no more than park it overnight."

Tan Sri Khoo is a Malaysian businessman with extensive hotel and property interests throughout the Far East.

The purchase of the KIO holding took Tan Sri Khoo's total stake in Exco to 57m shares or 24.3 per cent of its equity. This prompted City of London speculation that Tan Sri Khoo may launch a full bid for Exco, currently valued at £534m by the stock market.

Mr Matthews will be talking to Tan Sri Khoo by telephone today and has invited him to fly to London next week to discuss his plans.

Tan Sri Khoo first approached Exco on Wednesday before the sale of the B & C holding to the KIO was announced, to ask if he would be welcome as a shareholder.

Before Exco could reply the sale to the KIO was completed and Exco assumed the shares were no longer for sale, Mr Matthews said.

James Capel, Tan Sri Khoo's brokers, paid 224p each for the Exco shares yesterday, 9p more than the price the KIO paid on Wednesday. Exco's shares rose 11p to 228p on the London Stock Exchange.

In a separate deal announced yesterday B & C and Exco agreed to unravel their joint shareholdings in three companies. B & C will swap its 30 per cent stake in London Forfaiting Company for Exco's 50.1 per cent holding in Gartmore Investment Management and its 40 per cent interest in Fisdec, a Dutch venture capital company.

Men and Matters, Page 18

Murdoch wins right to buy six US television stations

BY WILLIAM HALL IN NEW YORK

MR RUPERT MURDOCH, the Australian-born publisher who is hoping to set up a fourth US television network, has won the approval of the US Federal Communications Commission (FCC) to acquire six US television stations from Metromedia.

The FCC approval is a major step forward for Mr Murdoch's plans to establish a fourth US television network rivalling CBS, NBC and ABC. His plans had been challenged by several parties on both public interest and financial grounds, but media analysts had expected the FCC eventually to grant the switch in ownership which was first announced in May.

To win FCC approval, Mr Murdoch has had to become a US citizen and agree to divest two of his biggest US newspapers, the Chicago Sun-Times and the New York Post.

The FCC, which normally does not allow the ownership of a television station and a newspaper serving the same market, has given Mr Murdoch two years to sell the two newspapers. Mr Murdoch had been hoping that the FCC would allow him to retain the newspapers.

While yesterday's FCC approval marks a major step forward in the establishment of Mr Murdoch's US television empire, several financial and logistical details still have to be finalised before Mr Murdoch can take control.

His aim is to combine his recently-purchased 20th Century-Fox film studio with the six television stations into one company, Fox Inc, and launch the Fox television network. He plans to produce a considerable amount of television programming from his own studios and others, and sell this to the 230 independent US television stations which are not affiliated with any of the big three US networks.

At the same time that it had approved Mr Murdoch's acquisition, the FCC also approved Capital Cities Communications' $3.5bn acquisition of American Broadcasting Companies, which controls one of the big three US television networks.

Slow progress in tin talks

Continued from Page 1

working group to negotiate with creditors. However, its formation does not imply that the 22 member governments have yet committed themselves to pay the debts.

Some delegates hope that a fresh initiative might be made today by the leading tin-producing countries – Malaysia, Indonesia and Thailand. The senior Indonesian delegate, Sirman Widiatmo, has flown from Jakarta with proposals that are understood to have the backing of all three countries.

It is believed that the plan might include a demand that the LME give ground by agreeing to fix a settlement price on all outstanding tin contracts at substantially below the last prevailing market price.

Ford extends buy-back

BY TERRY DODSWORTH IN NEW YORK

FORD MOTOR, the second largest US car manufacturing group, is expanding the share buy-back programme first launched a year ago, with the aim of eventually purchasing as much as 15 per cent of its own equity.

The increased buy-back, which could bring the total cost of the repurchases to $1.5bn, will be accompanied by other moves to "improve the stability of the group's earnings," according to a joint statement from Mr Donald Petersen, chairman, and Mr Harold Poling, president.

Included in these new steps is the company's plan to expand its non-automotive businesses that "have above-average growth potential and stability," and the sale of some its less essential activities.

The two executives said yesterday that among the possible divestments was Rouge Steel, the steel making operation that was under the threat of sale or closure two years ago. For some time there was a strong possiblity that Rouge would be sold to a Japanese steel maker, but it was eventually retained after the negotiation of wage cuts which reduced the costs of the division.

"We are pursuing divestiture of these businesses which would result in a redeployment of assets that should benefit future operating results," they said.

Share buy-backs have become popular in the US over the past two years as a means of trying to lift a company's share price by increasing demand and reducing supply.

Mediation deal ends strike at Lufthansa

By Peter Bruce in Bonn

A STRIKE at Lufthansa, West Germany's national airline, ended abruptly last night after management and the striking union agreed to appoint a mediator to resolve the dispute, which involved ground maintenance and dispatch staff.

After talks lasting 14 hours ended early yesterday morning, the two sides said they had asked a former Defence Minister, Mr Georg Leber, to act as mediator.

Mr Leber, who resigned as a Social Democrat minister in the mid-1970s after a spy had been uncovered among his staff, returned to prominence last year when he successfully mediated in the seven-week metalworkers' strike for a 35-hour working week.

Mr Leber was called on to seek a compromise after the ÖTV, the largest West German public-sector union, called out its 10,000 members at Lufthansa on Monday, claiming negotiations on sharing out money available under Lufthansa's profit-sharing scheme for 1984 had broken down.

The ÖTV said the airline had broken with tradition by trying to make the profit-sharing merit-based – offering a flat DM 85 plus 6 per cent of salary, while the union wanted a straight payment of DM 1,100.

The Lufthansa offer averaged DM 1,025 ($391) per worker, meaning the two sides were separated by just DM 75, but ÖTV officials said they were striking on a point of principle.

Under the compromise worked out by Mr Leber, the Lufthansa offer remains largely intact, although the minimum payout rises to DM 1,060.

The four-day action had little serious impact on Lufthansa's operations, but the union claimed the airline would have run into serious difficulties as aircraft came up for maintenance at its main workshops in Hamburg, where strike support was apparently strongest.

Ulster pact expected

Continued from Page 1

without the consent of the majority, though Unionist MPs alleged that the deal would further the territorial ambitions of the Dublin Government.

Officials in Dublin said "every conceivable contingency plan" had been taken to improve security in case of extremist reaction to the deal.

They said there were fears that the IRA might launch a campaign of bombings and attacks to provoke Unionists.

Equally, security forces were on the alert in case of loyalist violence. In May 1974, shortly before the power-sharing executive collapsed, 27 people were killed in four Loyalist car bomb explosions in Dublin and Monaghan.

A key question in Dublin now is how the opposition Fianna Fail party, will react to the agreement. Last weekend Mr Charles Haughey, the Fianna Fail leader, launched a hostile attack, saying that what appeared to be in the package could have been arranged "in a couple of phone calls."

He said any deal that gave Dublin responsibility in Northern Ireland affairs without any real influence to control events would be a recipe for disaster.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	F	16	61	Malaga	R	15	59	Salzburg	C	1	34
Akrotiri	S	22	72	Faro	F	18	64	Malta	F	24	75	Seoul	S	6	43
Algarve	C	16	61	Florence	C	10	50	Manila	S	32	90	Singapore	C	29	84
Amsterdam	C	3	37	Frankfurt	S	3	37	Miami	C	27	81	Stockholm	C	-1	30
Athens	S	20	68	Funchal	F	19	66	Milan	S	11	52	Strasbourg	S	2	36
Bahrain	S	27	81	Geneva	F	3	37	Moscow	Sn	1	34	Sydney	S	25	77
Bangkok	S	28	82	Gibraltar	C	18	64	Munich	F	1	34	Taipei	S	24	75
Barcelona	C	6	43	Guernsey	S	11	52	Nairobi	S	26	79	Tangier	F	19	66
Beirut	S	22	72	Helsinki	F	2	36	Naples	F	16	61	Tehran	—	—	—
Belgrade	C	4	39	H. Kong	S	24	75	New Delhi	S	24	75	Tel Aviv	S	26	79
Berlin	F	6	43	Innsbruck	F	2	36	New York	C	17	63	Tenerife	C	20	68
Biarritz	S	8	46	Inverness	R	5	41	Nice	C	9	48	Tokyo	S	16	61
Blackpool	R	6	43	Istanbul	S	18	64	Oporto	S	12	54	Toronto	C	8	46
Bordeaux	S	8	46	Jersey	F	6	43	Oslo	S	-1	30	Tunis	F	18	64
Brussels	F	5	41	Jo'burg	S	30	86	Paris	S	7	45	Valencia	C	13	55
Budapest	C	3	37	Las Palmas	C	21	70	Prague	Sn	0	32	Venice	S	9	48
B. Aires	R	34	93	Lima	F	21	70	Reykjavik	C	-1	30	Vienna	S	1	34
Cairo	S	26	79	Lisbon	C	14	57	Rio de J'o	S	34	93	Warsaw	C	3	37
Cape Town	S	29	84	Locarno	S	10	50	Rome	C	14	57	Zurich	Cl	1	34
Caracas	—	—	—	London	C	6	43								
Casablanca	F	19	66	Los Angeles	F	18	64								
Copenhagen	F	2	36	Luxembourg	C	1	34								
Corfu	F	20	68	Madrid	S	10	50								
Dublin	C	7	45	Majorca	F	15	59								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

SECTION III

FINANCIAL TIMES SURVEY

Industrial Property

Tensions are building up as investors rush into high-tech property schemes while still learning from occupiers and US experiences what sort of developments are really required

A new breed emerges

Survey written by WILLIAM COCHRANE with contributions from Mira Bar-Hillel

AS DEVELOPMENT has changed to meet the needs of the 1980s industrial property has outgrown the structures and designs until recently demanded by the investing funds.

Tenants no longer want the standard construction of 18 ft eaves in terraced buildings with low office content, high site cover and poor parking and turning areas.

Potential occupiers know for example that a modern US development will provide one parking space for every 250 sq ft of floor area. They want a change of use option, good environment and building services and flexible occupancy terms.

A new breed of building has emerged which agents Richard Ellis split into high-tech, mid-tech and modern warehouse space incorporating improved loading and handling facilities.

The question is whether the high tech breed has become too popular in some places.

And perhaps whether, in some cases the categories should be regarded as cheap, out-of-town office space, conceived from land values which should be the residual, rather than the determinant of development.

Warning noises began to be made this year. Jones Lang Wootton, saw a threat of over-supply in the prosperous south-east, where some land values had soared over £1m an acre.

The agents also suggested that some developers had chosen the wrong sites, and warned that fingers would be burnt.

The best high-tech schemes with attributes of flexibility, parking and correct location, will let at high returns, forecast Clive Lewis & Partners. But many sites considered worth £1m an acre would lose up to half this falsely attributed value and be sold for ordinary warehousing and industry.

Reinforcement of these views came from Grant & Partners. "There will not be sufficient growth to justify prices being paid, and in many cases there will be more growth in well-located industrial and warehouse estates rather than inferior high technology building," said the agents.

A study of Berkshire, perhaps the most active market, showed 1.2m sq ft of "multi-use" space under construction, 2.4m sq ft with planning consent and a further 8.5m sq ft being proposed by developers eager to jump on the bandwaggon.

Mr Fer Dijkstra, head of the KFR Research team which made the study, said the volume of multi-use floorspace in the pipeline was "quite amazing." Demand was unproven at this level of supply and prospects for rental growth over two to three years were not good, he said.

Richard Ellis's view is that demand exists — for the right property — but not limitless. Competition for sites had sent land values soaring to levela justified only by rents above £9 per sq ft.

Not all sites fetching high prices were truly prime, and Richard Ellis expects the market to correct itself so that site values fall into line with the type of industrial development most suitable for the location.

True high-tech buildings are defined by Richard Ellis as those where space is interchangeable between offices, industrial or research. Mid-tech is a warehouse or factory or broadly traditional structure with 25 to 40 per cent office content. Modern warehouses form the third category.

The other side of the coin is that strong interest by developers in high-tech is likely to result in a shortage in supply of good industrial warehouse accommodation once the existing stock is exhausted. Investors should not overlook this sector, the agents say.

Industry or offices? The Rolm Corporation plant in California's Silicon Valley hides its 800,000 sq ft in the sort of lavish landscaping which may set a standard for its planned 150,000 sq ft headquarters at Swindon in the UK

Little trading of high-tech

THE SOUTH-EAST of England emerges as the main bright spot on the industrial scene in the latest property market report from the Inland Revenue valuation office. It found:

- No apparent change in investor sentiment, with most district valuers reporting little or no interest and struggling to identify transactions on which to found an opinion.
- The proportion of transactions attributable to the south-east and outer London regions had risen from 36 per cent in the report of October 1984 to 54 per cent in April 1985 and dropped slightly to 48 per cent now. This tends to demonstrate the lack of interest in other parts of the country.
- There is little evidence of prime yields of 7.25 per cent being achieved and the bulk of transactions in modern property appears to be at the 8.5 per cent mark.
- There is still no evidence of any real trading of "high tech" investments.

Other more positive developments are worth recording however.

Mr Gerald Blundell of JLW Research says industrial offer yields are 9.8 per cent, their highest level since early 1977 and 0.8 percentage points higher than a year ago. He implies that investors, at least, are facing the facts.

Richard Ellis report that over the past 18 months institutional investors have finally become reluctant to hold their existing—and often dated—portfolios and accepted the reality of lower values in an effort to trade.

As a result there is a livelier market for second-hand space. This has led to a renaissance in the secondary market and a halting in the downward trend in values.

The best development is inspired, whether it is a 40ft-high warehouse for Mattel or the rich US headquarter buildings in Silicon Glen and the south.

Design has been influenced by the fact that in some locations it is often easier for the occupier to buy freehold and build exactly what he wants than to find an institutional investor to accept a specialised building.

Marketing is being approached with enthusiasm and a considerable skill. The product is more interesting and attractive than it used to be and if this has led to excesses of enthusiasm in the prosperous south-east, it has also given the rest of the country a benchmark.

The lessons of Orange County

ONE OF the most striking examples of business park development in the US is south of Los Angeles, where the Irvine Company owns 68,000 acres of land in central Orange County.

Twenty years ago the company devised a scheme for the 5,800 acre Irvine Complex, centred on what is now known as the John Wayne Orange County Airport.

Property values moved up to virtually exclude standard industrial property, turning the complex to offices and research. So the company designated 2,172 acres, called the Irvine Spectrum, for industrial, technology, bioscience and commercial development eight miles to the west of the complex.

The objective is to build the largest planned urban community in the US and there are lessons in it for the UK.

These have been absorbed by Mr David Cripps of Strutt & Parker's Newport Beach office, which is on the doorstep of the 150m sq ft of industrial property in Orange County. Based on these, Strutts' criteria for attracting high technology companies to business parks in the UK include:

- Concept—activities which include production, sales, servicing, warehousing, training and research cannot be housed on traditional industrial estates.
- Location—must give access to rapid national and international communications, and to universities and other centres of learning for recruitment. It must also be in a pleasant environment with good housing and leisure facilities; and close to companies engaged in similar occupations.
- Design and layout—should involve high quality, low density, campus-style development with extensive landscaping and car parking and flexibility in potential use.
- Management—must cover landscaping, buildings and common services.
- Tenure—tenants must be offered the ability to rent or buy, leasehold and freehold, short-term and long-term.

In the UK Strutt & Parker says land is scarce and demand is great. Institutional investment dominates the market and the funds' propensity for buying and holding land reduces supply still further. Their investors' wishes for 25 years leases are unsuitable for modern industry, and landlords' need for covenant and precedent further alienates them from new industries.

Planners want to locate offices in towns and industry in areas considered suitable by traditional manufacturing companies.

Strutt & Parker forecast that as business parks become more common, older properties will remain vacant for longer, forcing the property market to adapt to the new criteria.

Pygmies

Occupiers will have to pay more for the combination of high-value location, low site cover and higher building cost. "As long as the occupier can obtain the premises he needs in the right location, price is very much a subsidiary consideration," Strutt & Parker say.

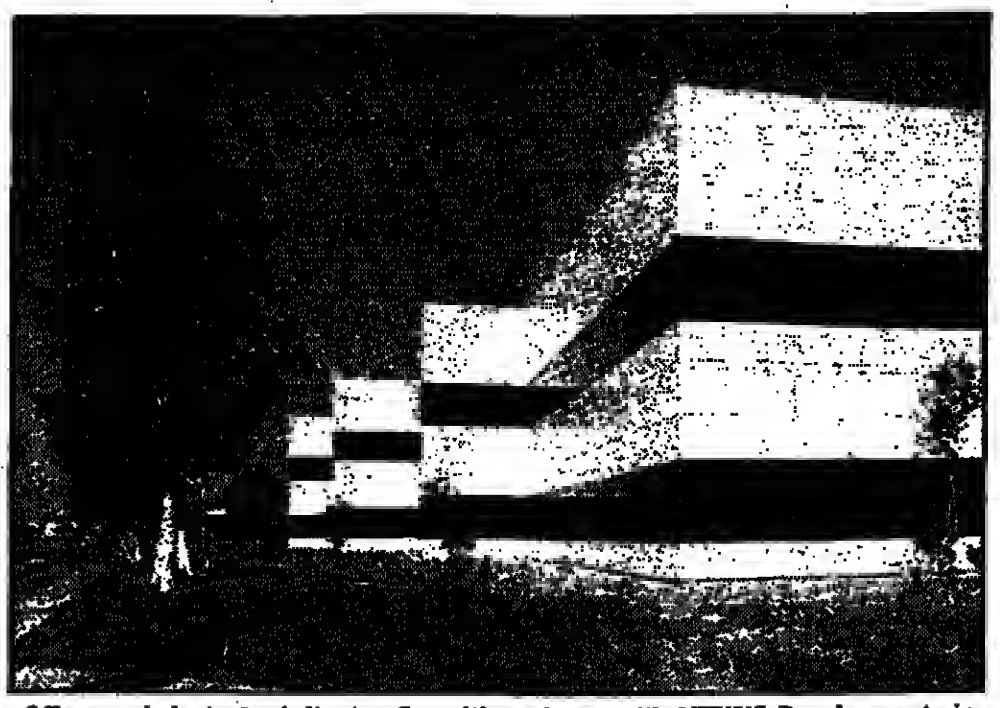
The agents are going for large-scale projects in the UK. Mr James Donald, who acts for Arlington Securities on the Globe Park (Marlow), Solent and Newbury business parks, says: "We would much prefer to be on sites of 75 acres or over. That is where the big occupiers will want to be."

Arlington and Strutt Parker are dealing with about 290 acres; seeking consent for another 300 and still trying to buy new sites. Solent Park between Portsmouth and Southampton could involve 2m sq ft of offices, research and light industrial space on its first 120-acre phase.

"Even at that we are pygmies by comparison with Irvine," says Mr Donald.

Industrial Property 2

William Cochrane on the lessons of a new generation of US development



Offices or industry? Arlington Securities scheme with NEXUS Developments in Irvine, California, blurs the boundaries with 82,000 sq ft suitable for offices, engineering or research

SILICON VALLEY

Moving out to expand

SANTA CLARA County, California, home of Silicon Valley—and "high-tech" as the UK market is beginning to understand it—is e little depressed, with overproduction in semiconductors and some expensive soul-searching in the personal computer business.

But observers on both sides of the Atlantic say this is only abreathing space for an area where the quality of location and living standards are bound to ettract the highly paid engineers whicb modern industry needs.

Mr Michael Bellegarde, of Kiog & Co says that there are now 4,000 higb tech companies in Silicon Valley occupying 120m sq ft. This has created its own prohlems, like tbe generation of enormous traffic and increases in bousing costs, land and rents.

He says that average land prices five years ago were equivalent to $3 a sq ft. Now they peak at $45—"roughly a 100 per cent a year increase," he calculates. Rents are typically $20 to $23 per sq ft.

Because of this some companies are retaining research and development beadquarters in the valley, but tending to move most of the manufacturing into cheaper sunbelt areas. One criterion for the distance of the move is one-to-two hours' flying time from headquarters.

"Some manufacturing is going abroad to places like Puerto Rico," says Mr Bellegrade.

He used a Wiltron unit near San Jose to illustrate the influence of the occupier. Wiltron is a specialist in microweve technology, which moved to San Jose for cheaper housing and building land, and easier commuting. It also decided to do its own development.

It built 75,000 sq ft for its own use and has another 75,000 sq ft unit under construction as a speculative development.

The buildings are of typical "tilt-up" construction (cast on the ground and tilted to the vertical) wit hinner and outer skins.

"The two skins are for shade," Mr Bellegarde says. "The expense is in cooling buildings, not beating them.

"They lift air conditioning and ducting on to the roof by helicopter. It is cheaper than using cranes." He puts building costs a $20 a sq ft for tilt-up single storey buildings of good quality and $30 to $32 a foot for two-storey equivalents.

Theer is 15 ft of gross headroom between floors: 10 ft clear headroom, 3 ft for air conditioning, etc and two feet for floor construction above.

Air conditioning is partly to do with the climate and partly because the space tends to be far deeper than in the UK.

"We go to between 25 and 30 ft from the windows," Mr Bellegarde says. "They will have 50 ft in a building 100ft square."

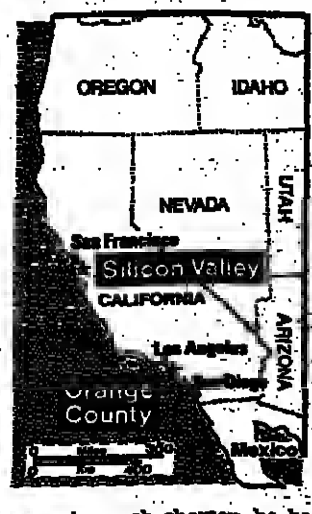
The 10 ft clear headroom is for the sama reason, he says "In deep space, the nine feet we see in the UK would be oppressive."

Office, R and D and factory space is all of the same specification and the main areas of the building are interchangeable. This is a flexibility needed in the UK, be says.

"As business develops yon should have the flexibility to take on of these constituents out to another building and leave the other two to extend and occupy the original space," Mr Bellegarde says. "In the UK this is as much a planning problem as one of construction."

KLAUS KRAMER: ROLM CORP.

Leisure and landscapes



IN AN Orange County business park the emphasis is on park rather than business, says Mr James Donald of agents Strutt & Parker, about the California development. "The landscaping is more important than the building; if you get the first right, the second will look good."

Further north in Silicon Valley, Mr Klaus Kramer of the Rolm Corporation says much the same in specific terms. "If you ask people what they saw at Rolm in Santa Clara, they probwould not remember; it fades into the landscaping."

Mr Kramer is director of corporate construction, real estate and facilities planning at Rolm, a leading US supplier of business communications systems and a subsidiary of IBM.

Hia company occupies 1m sq ft in Santa Clara County, in which the bulk of Silicon Valley is located. It has other manufacturing and product development locations at the San Jose end of the valley (450,000 sq ft), Colorado Springs (200,000 sq ft) and Anstin in Texas (100,000 sq ft of leased space).

Rolm's main plant in Santa Clara is 800,000 sq ft on a 34-acre site at Old Ironsides Drive. Some 15 per cent of the space is devoted to manufacturing, 60 per cent to engineering R & D, and the remainder to administration, marketing and support functions.

The company has about 8,000 sq ft of recreational space, including a swimming pool, jacuzzi, exercise pool, a very expensive gymnasium, an exercise room, and volley ball, racketball, tennis and table tennis facilities.

Rolm has a name for looking after its employees.

Mr Kramer sees this as enlightened self-interest in an area which is turning more from the assembly function to engineering, from the blue collar to the white coat.

"If you are a good engineer you can work anywhere," he says. "What do you want, 50 cents more an bour or a good environment? Very few people look for that extra 50 cents."

Rolm is moving its management philosophy across the Atlantic. Mr Kramer says that the company has between 40 and 50 British engineers working at Santa Clara. They came out with their families to be trained as the nucleus of the company's European headquarters, which will be based at Wootton Basset, Swindon.

His approach does not simply spring from the all-year growing season in California, which makes landscaping and planting so rewarding. At Colorado Springs, where the growing season is much shorter, he had to build something which blended into the background—e complement to the landscape.

His introduction to the UK "industrial architect" came as a shock. One gets the impression that someone thought they saw him coming as a henefactor of all that is trendy.

Tasteless, thinks Mr Kramer. "In Engand you have 'honest architecture.' If there is steel in the building why not show it, hang the steel outside. . . ."

This waa not for Mr Kramer. "I was not comfortable with the UK architects with their metal, glass and plastic presentations."

He went on to view the Lloyd's building in the City of London with a mixture of ire and disbelief.

Britain's face was saved when he went to the Royal Institute of British Architects and saw what Arup had done with the CEGB building at Bristol.

"Before that we came very close to bringing in an architect from the US," he says.

The Swindon scheme will not have recreational facilities to rival those of Santa Clara but Mr Kramer will make a start with a football field and changing rooms. He expects that the scope and size of his recreational facilities will grow with the development and that other companies will have to do the same in the UK if they want to attract top-quality staff.

Swindon will be a European headquarters combining engineering, R & D and assembly and will begin operations with 150,000 sq ft in the spring of 1988. Rolm has room for 400,000 sq ft on the site which it bought from Bradleys and an option on another piece of land.

Mr Kramer would have liked to go to Bath but Swindon was the only place where Rolm could lease 25,000 sq ft for a temporary start-up facility.

TONY THOMSON: HEWLETT PACKARD

Transatlantic gulf in building techniques

AMERICANS NEED educating in their attitude to UK construction, says Mr Tony Thomson, property director of Hewlett Packard in Britain.

"The construction team, including the architect, is as good as the client allows them to be. The Americans worry about consultants' fees aggregating to 12½ to 15 per cent of building costs," he says.

But much of US property building is repetitive, particularly where design teams and construction managers are involved. Costs will not be so high for the second or third repeat.

"They also do not understand the services provided for the UK fee base," he says. "One big difference is the amount of work done at consultant design level in the UK which is handled by contractors in the US. Other services, like supervision on site, are also handled differently."

Mr Thomson started his working life with a degree in physics, and research into integrated circuits for Joseph Lucas, the motor parts manufacturer. He joined HP as a systems analyst 13 years ago and became manager of computer services and office manager.

After handling an office move he became property manager, responsible for the design and constrution of buildings in the UK, the acquisition of land and leasehold premises, property management and disposal.

Hewlett Packard is building 2m to 4m sq ft a year worldwide, he says. It has a global total of 28m sq ft, some 1.5m sq ft in the UK.

"Over five to 10 years I would expect to add an everage of 100,000 sq ft a year in the UK," Mr Thomson says. "Having added nearly 500,000 sq ft in the last year or so, I would not expect to put on much more space in the next couple of years."

He receives guidelines from the US—"the kind of buildings, the shape, and height specifications in broad terms." Leeaing details ere more difficult.

"The US cannot believe that three-to-five year leases with options are not available here." be says. "To them 25 years is a lifetime."

It happens that HP will have been in the UK 25 years next year. The company's main UK locations are in the Bracknell area near the M4 in Berkshire, South Queensferry in Lothian near Edinburgh, Bristol, end Stockport, near Manchester.

"Bracknell has the pedigree," says Mr Thomson. "In a 10-mile cluster around Wokingham we have four active buildings and two more due to be completed in six months to a year, both leasehold, bringing the total to six and combined space to 550,000 sq ft."

Yet Mr Thomson gets more excited about the company's northern headquarters at Heathside Park, Stockport. "It is superb," he says. "It breaks all the traditions of what people think high-tech is about."

It is built of brick and granite—"none of that painted metalwork stuck all around the outside," be says. "The era of multi-coloured sheds called high-tech is over."

Standard warehouse shells are inadequate if alreedy built, he says. This applies often to floor tolerances and to structure. "They do not put enough beef into it to allow you to hang anything on the structure."

The portal frame, so often associated with standard warehouse shells, is also not well suited to integrating mezzanine floors to create a two-storey structure. "It can be designed for that but it amounts to one frame inside another," he says.

The almost classical 10 per cent office content stuck in front of the building often involves "two-stories, low ceiling heights, poor specification, one lavatory and a cold tap," Mr Thomson says derisively.

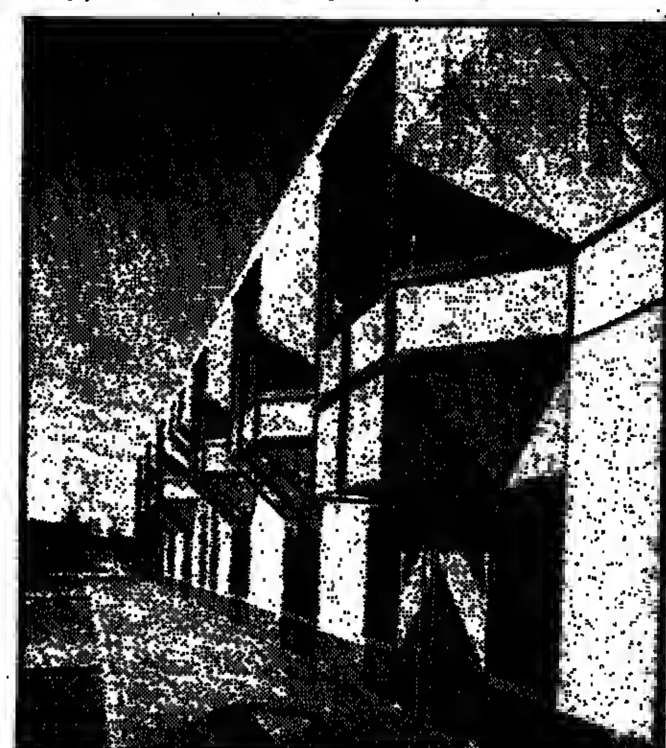
His technique has developed with time. HP leased a 100,000 sq ft shed in the Winnersh Triangle near Reading in 1981 at £3.43 a square foot. "We managed to influence the design in the early days, hut the huilding, which cost £2m to build, cost us £3m to fit out.

"At £50 e sq ft it's quite an expensixe exercise," he says.

What Mr Thomson would like to see is a shell—"but a differeot shell, better suited to what we want to do," he says. "That could cost £2m to outfit insteed of £3m."

London and Edinburgh's Waterside Park at Bracknell is close to meeting that idea.

"A complete shell with the ground floor open, offices on the first floor, it allows the occupier to do exactly what it want's inside the building," Mr Thomson says.



The Business Enterprise Park, designed by architects Newman Levinson & Partners as an integrated, first-phase development of three high technology industrial units in London Docklands Enterprise Zone. The buildings are set in landscaped pedestrian and car park areas and designed for maximum user flexibility. Ground floor areas range from 16,000 to 7,500 sq ft and can incorporate a 1st floor mezzanine and an additional service core.

Industrial Property 3

William Cochrane follows some new paths to development and funding while **Mira Bar-Hillel** explores the planning byways

Owner-occupiers build new market tier

FOLLOWERS OF the industrial market sometimes complain that too much is being made of "high-tech," or the hybrid industrial/office/research and development bnilding. They feel that a potential shortage in standard warehouse buildings is being overlooked.

However, warehouse occupiers themselves are becoming more discerning about the shape and location of buildings. There are times when existing buildings on the market will just not do, and when apparently attractive locations do not make sense in financial or operational terms.

Mattel, the US toy manufacturer, found this when it came to centralising its UK warehousing, operations, finance, sales, administration, marketing and a showroom, in one location.

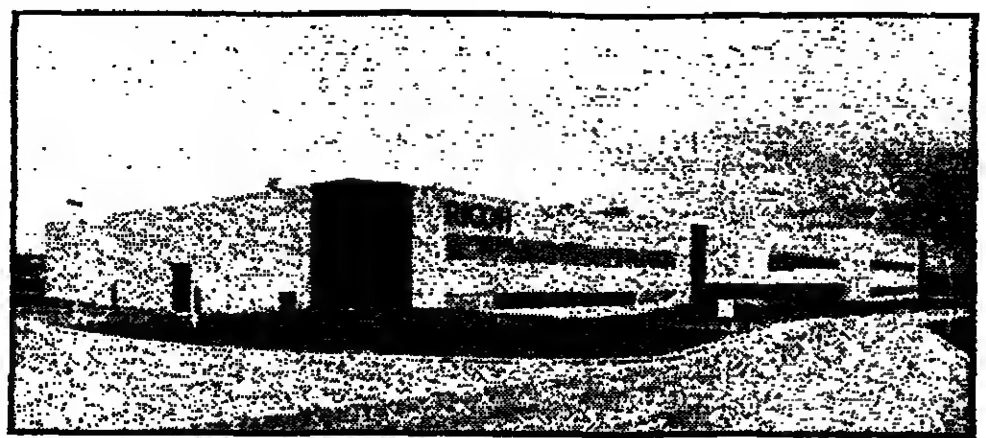
"Wa looked first at buying an ex-Fisher Price building in Northampton," says Mr John Coulter, managing director of Mattel UK. "It did not measure up, partly becausa of price and partly because of specification."

Mattel deals in relatively lightweight cartons, and had seen that new etorage technology would allow it to stack those cartons 40 ft high, with savings in racking and property costs. "The building was only 20-odd ft high," Mr Coulter says.

Agents Richard Ellis were given a brief to find a solution. They started with a look at the M4 aree but, Mr Hugh Ellingbam of RE's financial services division says the Western Corridor was too expensive for what was largely distribution space. They also decided it was in the wrong area for central UK distribution.

The team settled on the A. H. Wilson Group's Meridian Park, flanking the M1 near Leicester. Location was the first attraction; the greenfield site was the second. Mattel did not want to site itself where redevelopment of existing building was even a medium-term prospect.

Meridian was still in its first phase of 72 acres, but Ellis and Mattel persuaded the developers to open up some second-phase land to give it a site visible from the motorway. Mattel is not looking for casual visitors but it will have its name on the buildings as prominently as possible, so people can see it as they drive past.



Only 15 months passed between initial discussions with Telford Development Corporation and the completion of the 97,000 sq ft Ricoh factory, warehouse and office complex under a management contract by Wimpey

In conventional terms the building measures 96,000 sq ft on seven acres, the warehouse accounting for 80,000 sq ft. The warehouse element is split into 60 per cent racking and 40 per cent "breaking down"—assembly and loading space—but it could all be used for racking if necessary. The floor tolerances have been devised accordingly.

This is what makes the building work as an operational and financial investment. The warehouse is 40 ft high, giving Mattel a 3.2m cu ft content which it can exploit with modern racking sytems and fork-lift trucks.

Mr Ellingham says that if Mattel had gone for institutional funding it would have been restricted to 20 ft eaves or not much higher. The racking systems would have cost, if not twice, at least 1½ times as much.

He thinks that tha team would have been looking at double figure funding yields and that any leasehold deal would have had a lot of restrictive clauses. Instead, the deal chosen for the £3.9m building takes in a seven-year Bank of America loan with no repayment of capital in tha first three years of the loan and the option for Mattel to buy out the loan early.

Institutions worry abont a specialised building and their ability to re-let if the occupier moves on. Mr Ellingham can think of a lot of tenants—breakfast cereal manufacturers for example—who would have the manageable and relatively light loads to use a 40 ft racking system.

There is a problem in valuation for owners as development moves north because rents fall so low that valuation does not coma up to the cost of the building. For some this does not matter because property is a small element in overall costs. For Mattel it does because it is leasing most of the equipment inside the building and property accounts for more than 80 per cent of its total capital spend.

Ellis have done their sums on the Mattel building, however. Adjusting for its high storage capacity per sq ft—due to its height—the building comes out with costs lower than conventional construction and rents lower than a conventional warehouse.

So Mr Ellingham sees no problem with valuation. He also thinks that there could be a two-tier market in some types of industrial property in future, with owner-occupiers prepared to pay higher prices than institutional investors for the right building.

W. C.

The flexible friends

THE institutional attitude to industrial property devalopment is frequently perceived to be hidebound and negative north of the mythical Watford line. South of the line, they are typically intn direct development and develnpment partnerships, but still seem to be imposing old-fashioned terms npon occupiers.

This is not entirely true. "Soma pension funds are going with developers on a very entrepreneurial basis," says Mr James Adem, a director of the Woolgate property finance team which recently spun off from Chase Manhattan Bank. "The developer these days wants a flexible financing route."

Nevertheless, many developers have turned to banks, frequently foreign ones, as an alternative financing medium. What they should realise is that the banks have their own rules for lending and that the flexibility they offer is less inherent than relative to tha institutional package.

Mr Patrick Scott, who heads Woolgate, spells out the banks' criteria for funding industrial development.

Their construction loans may cover all costs—land, building, finance, professional fees and so on—or only part of them. "It comes back, partly, to the cost of the land," he says. In other words, if the land component is too high the developer may have to go elsewhere for part of his funding.

They will want "equity" in the project, but here the term is hroadly defined and related to the borrower putting his own equity in—in cash on top of the loan or in the rovenant from a strong borrower.

"The level reduces according to risk," Mr Scott says. "For example we would reduce the equity requirement if the development *is all, or partly* pre-let.

"Our principal concern is not the level of rent hut that the property is going to be let at all. There will always be demand for key locations, probably close to major road rommunications. There are others tucked aronnd the back, not so visible, where rents and charges are still justified as prime and nearly the same prices are charged. They are less likely to rent."

Mr Scott's lending timescale falls naturally within 2½ to three years: 18 months for the construction period, six months to lease the building and another six months for disposal as an investment.

On determining the amount to be lent, the bank will start with building costs—£25 a sq ft for standard industrial property, £40 a foot for high tech —and add items like interest costs and fees to get total costs, with the exception of land and development profit.

It will work out prospective rent and yield and rome to an investment value. The land value is a residual of these two calculations.

"The developer may have paid for the land already hut what we are prepared to advance is what is prudent to lend on this basis," Mr Scott says.

"Typically we lend 75 per cent of valne to the best developer with the best location."

The best because, he says, if a project does not let within six months, it may not let for e long time.

Mr Scott, like other observers, bas noted the phenomenon of land prices determining required rents, and hence the form of development. "I suspect that some high tech schemes *should not be funded* at all," he says.

The bank may not be everse to taking its own equity participation in a scheme. This can be related to the profit on a project or, depending nn tax considerations, taken in the form of an enhanced yield.

The develnper may need top-up mnney if the primary constructinn loan does not cover requirements. He would probobly ask for, say, 12½ per cent of ultimate investment value from banks and institutions which have a greater appetite for risk.

These lenders would frequently take other security, perhaps in the form of a second charge against other assets. A number of these investors will also take equity participation in their own right.

There has to be a difference in all of these transactions between standard lending rates and the overall yield to the lender.

"Major property companies can borrow at well under 1 per cent over the rost of funds," Mr Scott says. "Most banks want o higher return than that on property lending, something in excess nf 2 per cent over.

"There is frequently more than nne bank in any given loan situatinn, with different levels of risk and expected return," he says.

Bringing the argument back full circle to flexibility, in this case that of the developer, he roncludes: "The developer frequently goes the bank route for this reason—for instance, the nption to sell to an owner-occupier."

W. C.

Planning progress a fringe benefit

EASING of planning restrictions can often come about as a *fringe benefit of other* changes. A good example was the phesing out of industrial building allowances outside enterprise zones.

This economic decision by the Chancellor ended at a stroke the long and complicated argument about bow high the portioo of offices could be in an industrial bnilding before allowances were lost.

The market reacted immediately and sensibly. Instead of worrying about tax advanteges, developers began to build more io line with user demand, aod the proportion of offices has been risiog steadily. As a result, a three-tier merket for modern industrial building has emerged, according to Mr Richard Story of Richard Ellis.

In addition to traditional industrial/warehouse space with limited office use, and tha full-blown high-tech buildiog designed to allow interchangeability of functions Richard Ellis have defined a third *category dubbed mid-tech*. This is modern industrial/warehouse with eo office content of 20 to 40 per cent.

On the new-build side, the market has a chance of determining the end product. But the picture is more complicated for *rehabilitation and* conversion, when local planners can invoke the Use Class Order to control how space is used. These attitudes conflict not only with the successful experience of enterprise zones, where a degree of freedom from planning control has not resulted in flagrant abuse, but also with the Governmeot's intention of relaxing the system to combat unemploymaot.

The extension of enterprise zone planning principles to the whola of Britain—not least inner urban areas—is forcefully put forward by industrial agent Mr Tony Grant, who is heavily involved in development on the Isle of Dogs and elsewhere in London Docklands.

"Planners now regard themselves as having a primary duty to promote economic activity and employment while protecting amenity," Mr Grant says. "These aims are best served by regarding business as a singla use and minimising restrictions.

"The Use Classes Order is hopelessly out of date. The old divisions into traditional functions and processes are not relevant any longer. There is a case for a total ban on limiting the use and occupation of new premises through planning condi*tions*."

Mr Grant suggests a new single category of business property to incorporate retail, offices, industrial, research/laboratory and warehousing, with no restriction on changes within these uses, nor cootrol on identity of occupier and hours of working within areas designated for business use.

On the other hand, planners should get tough in non-business areas, protecting emenity end regulating the size of vehicles and the hours they may travel, he says.

Planners can, however, try too hard to create employment, with insufficient consideration for other basic requirements. For instance, in most of the Home Counties there is sufficient good housing and good transport to sustain high-tech industries.

"But to encourage high-technology development in heavily built-up London locations is bordering on tha ridiculous," Mr Grant says. "A message of quality environment and good living conditions must get through to planners, funds and developers."

Ona message that has got through is that retail warehousing now employs as many, if not more than the equivalent traditional industrial building. This accounts for a more liberal attitude to granting permissions for this fast-growing sector, although in many cases planoers agonise over how large out-of-town complexes will affect existing shopping areas. Some are in decline and others threatened with extinction, but are necessary for social reasons.

In general, the level of complaints concerning the planning system is lower than for a long time. It could be that planners' appetites for refusing industrial applications et a time of high unemployment are as blunt as the desire of workers to strike.

M. B-H.

Industrial Property 4

Indicative Costs of 20,00 sq ft Buildings

	Industrial/ warehouse building with 15% office space	High Technology Building: Extra costs in shell		High Technology Building: Fitting out costs		Total cost
	£		£		£	£
Substructure structural frame *and upper floors*	135,000	Higher proportion of building *multi-storied:* wider spans: heavier loadings	95,000			230,000
Roofing	45,000	Roof profiled to accommodate and conceal mechanical plant (present and future)	30,000			75,000
External walls and windows	125,000	Higher quality: adaptable for future alternations: increased storey heights	75,000			200,000
Internal walls, doors, finishes and fittings	110,000			Raised floors: finishes to "offices standard": carpeting and suspended ceilings	105,000	215,000
Heating, ventilation, water and sanitary services	75,000 (Note 1)			Radiator or convector heating to "offices standard" throughout	140,000	215,000
Electrical services	55,000 (Note 1)			High lighting level with provision in fittings for air handling units: floor trunking and service outlets: abundant provision of power supplies	30,000	85,000
	£545,000		£200,000		£275,000	£1,020,000
per sq ft (m^2)	£27.25 (£293)		£10.00 (£108)		£13.75 (£148)	£51.00 (£549)

Notes. 1. The quoted costs provide for installations throughout: if the services within the 85 per cent production/warehouse space be left in carcass for a tenant to complete, the heating costs to the landlord would be reduced to £40,000, the electrical to £35,000 and the total to £490,000 (£24.50 sq ft £264 sq m).
2. Drainage and other works beyond the building perimeter are excluded.
Source: E. C. Harris and Partners

Mira Bar-Hillel on the need for more efficient premises and good locations

Two directions to better buildings

INVESTMENT in upgrading, improvement and even replacement of much of Britain's industrial stock is not only a national economic imperative but a sound business decision, according to the Industrial Buildings Bureau.

For instance, Vickers Defence Systems moved from a site with 19 separate buildings in Newcastle to a specially designed single building two miles away. Apart from the materials handling cost saving and time-and-motion productivity, heating bills dropped from £1m a year to less than £100,000. It was also able to negotiete 100 different trade wage rates down to only four basic rates.

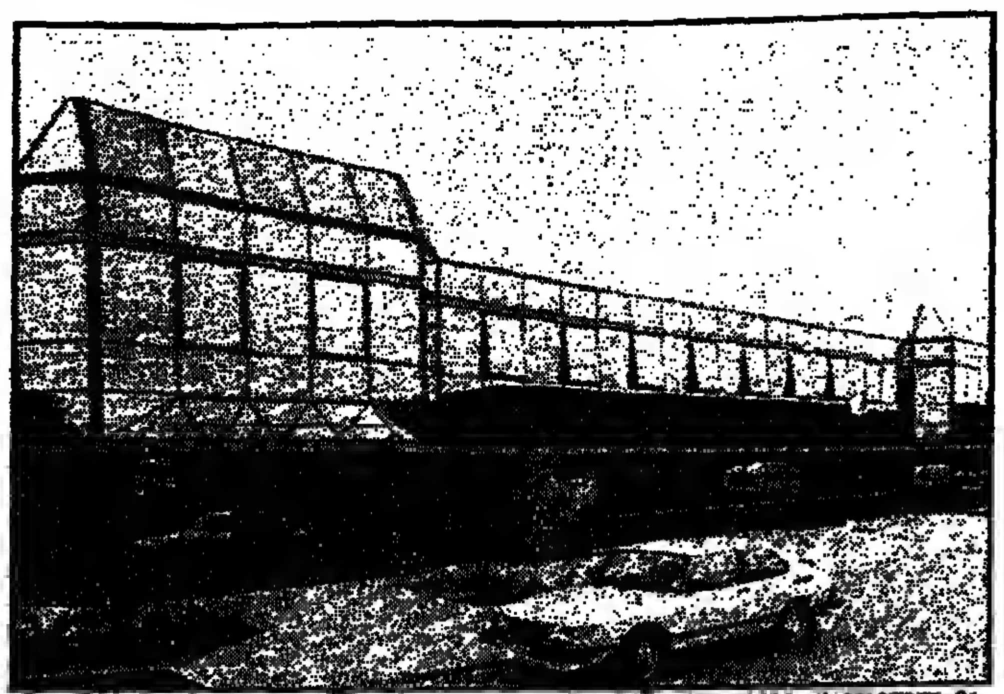
Chloride Technical of Manchester was scattered in a variety of offices and workshops. A new industrial building with offices on two floors at one end and double-height workshop space at the other brought the operation under one roof.

A screen-based furniture system with no fixed partitions has noticably improved management relations with staff, while the building's external appearance which borders onto a housing area where many staff live, has been considerably improved.

Alcan Plate of Birmingham was able to make substantial improvements in time and cost without moving or demolishing premises. Connecting three buildings on a large site and the construction of a new connecting building provided all the advantages without the disruption of relocation.

Similar in-situ improvements were carried out by agricultural machinery manufacturers A. C. Bamlett of Thirsk, International Paints of Gateshead, Redland Automation of Winchester and British Gas at Cramlington.

The IBB was set up two years ago, the offspring of a National Economic Development Organisation report, Construction for Industrial Recovery. It has from the start taken the sober view that unless benefits to the investor can be identified and quantified, the message will at best go unimplemented and at worst unheard.



The HQ3 development at Kingston: an example of the "mid-tech" category of buildings — a term coined to cover the traditional structure with 25 to 40 per cent offices up to prime standards

Sir Monty Finniston, IBB president, says buildings and their allied and surrounding facilities can be either a powerful asset or a dismal liability to the industrialist.

"The modern factory has to accommodate machinery of high performance which works to very narrow tolerances. It has *to engage* in a variety of mechanical and electronic services, and there must be a *free flow of materials from* point of entry to point of departure.

"At *the* same time, *the* modern factory building also has to accommodate human beings who also nowadays expect services and standards at higher levels than ever before. The building must be energy-conscious and employee-conscious."

The IBB says main shortcomings of older industrial buildings are: inefficient heating; inadequate insulation; leaking roofs; dangerous floors; poor lighting; substandard ventilation; cramped conditions; restricted lay-out; unsatisfactory handling facilities.

Some improvements are more easily quantifiable in terms of benefit and all can only be conclusively proven retrospectively, so the psychological barrier or the incentive to delay investment is always there. However, the IBB can point to roof and wall insulation programmes with a two-year payback period.

More generally, better industrial relations and fewer days off with backache or eye strain due to bad *lighting should be* taken into account.

The IBB should be commended for sticking to quality and not jargon. Although it mentions the needs of high technology *industries*, it does not refer to high technology buildings: on the *contrary*, it *demonstrates* how existing structures can be adapted to new uses.

Building economists and cost consultants E. C. Harris have produced a guide, showing how it is that the high technology building can end up costing almost twice as much per sq ft as its traditional counterpart with its 15 per cent office space.

The extras are mainly to pay for higher quality in everything from load-bearing spans so uses of space can be switched around in future, to walls and roofs profiled to accommodate and *conceal present* and future plant. Office standard equipment, from heating convectors to better lighting and more carpets also add to costs.

Little is said about the external appearance of the building; the heyday of the brightly-coloured corrugated metal shed with rounded edges and Lego-style doors and windows is a thing of the past.

Chartered surveyors Healey & Baker find that "high-tech users, while innovative in their manufacturing processes, are surprisingly often seeking more traditional forms of construction for their buildings, with brick and pitched roof eleva*tional* treatment" which they think perhaps reflects more closely the property aspirations of employees.

This withdrawal from architectural carte-blanche may parallel what has happened on the residential front. "In many cases there is resistance to the more modern forms of construction such as glass and aluminium panelling — even though these offer greater opportunities for expansion flexibility," *Healey & Baker* say.

The idea that successful industrial buildings of the *future* will be modelled increasingly on favourite l/asing ideas is broadened by E. C. Harris to cover entire estates, or parks.

"The image created by the buildings should reflect the *high* quality of the company's products. Externally, there will be no distinction between the front and back elevations. The buildings should be placed in a pleasant landscaped setting into which *staff will wish to* retreat in their lunch breaks," the consultants say.

"Many of the new business and executive parks incorporate an artificial lake which can sometimes have a functional as well as decorative purpose."

E C Harris have noted landscaping costs escalating to as much as 2 per cent of the total. If topsoil has to be imported, this may rise to 4 per cent.

Car parking is another price to be paid for employees who invariably drive to work (especially when work is conveniently *located* near a motorway or major dual carriageway route). In some cases costly two-storey parking, has to be considered if land is scarce.

The IBB and E C Harris offer two solutions to a problem. The former is minimalist, suitable especially for struggling companies with captive—if restive—workforces, which can do much better if they invest carefully.

The latter is an attempt to cope with the need to attract, capture and keep highly-qualified staff by providing high standards in competition with other companies.

Subtle impact of change

BY THE end of the decade more than half of Britain's workforce will be employed in *non-manual jobs. Traditional* industries will have shed some 520,000 workers, in addition to the 1.3m job losses of the past decade.

On the other hand the construction industry is expected to grow by 170,000 jobs, the professions by 80,000 and an estimated 230,000 additional jobs will be provided in central and local government and the Health Service.

On the industrial side, job creation is expected to amount to some 170,000 in the fields of bio-technology, cable TV, cellular radios, aerospace and electronics.

These calculations by the Warwick University Institute for Employment Research look like bad news for the future of industrial property, with a net loss of some 350,000 workers. But the impact is likely to be more subtle than the simple abandonment of the old for the new.

While high-technology may dominate and even distort markets in some areas it will also lead the way towards provision of better accommodation, both new and refurbished, for traditional manufacturing in many other areas.

One of the lessons being learnt by high-technology companies is the vital need to be near main trunk routes or motorways.

The motorway exercising most influence on property is the M25. In addition to raising land and building values for up to 10 miles either side of its 120-mile length, London's orbital route is spreading the well-established benefits of the M4 all the way to the M1 and beyond.

Surveyors Healey and Baker found strong demand for warehouses of 100,000 sq ft plus along the M1 as far north as Northampton because of the link via the M25 with places like Heathrow, the western corridor and Gatwick.

When the M25 is extended to link M1 and M11, benefits may spread eastwards and north-east. Cambridge, which H and *B found to have been finally* accepted by the high-tech market, will become fully competitive *and* interest *may* spread into East Anglia.

This could help relieve pressure on prices in certain areas. The initial reaction to £1m an acre being paid for land near the M4 to build high office content industrial units may have been of satisfaction. But it is rapidly turning into frustration.

"A problem is being created for industrialists," says Mr Neil Higson, industrial partner at surveyors Herring Son and Daw. "High land values are beginning to be paid not only for prime land which is appropriate for high technology developments, but for traditional industrial sites and backstreet locations which are not suitable."

The consequences are potential failure of the poorly-placed high-tech scheme—and a shortage of traditional industrial development with the reluctance of institutions to fund such schemes on high-priced sites.

Quality industrial accommodation with some individuality is needed. But Mr Higson says it will not be developed *immediately*.

"Either some realism comes into the market—and this may only arise when some developers get their fingers burnt —or industrial rents begin to rise, raising *property* values in the south-east by at least 25 per cent."

The finger-burning warning is echoed by surveyors Jones Lang Wootton and Healey and Baker. The latter are already telling high-tech developers that they must have not only a location near a *motorway* but literally a main road frontage, to give the high visibility essential for success.

With land prices what they are, small mistakes can have severe financial consequences.

New industrial growth will mainly take place away from areas where the old industries thrived, because the require*ments will be for the pleasant* surroundings and good housing.

The challenge for speculative *developers is to anticipate the* trend and provide the right kind of accommodation in the right locations just ahead of demand. Big institutions holding property investments should, according to Healey and Baker, "go through their portfolios carefully and weed out existing industrial/warehouse investments in declining areas."

This does not mean the writing-off of large chunks of Britain for good, although there *does seem to be a prospect* of long-term dereliction hanging over the oldest and blackest of obsolete factory complexes.

Healey and Baker say some major funds are interested in *buying large* industrial estates which are 10 or 15 years old—on condition that they do produce some income—with an eye to future redevelopment. When the time comes, lower-density buildings with good landscaping and convenient surface car parking will be provided.

Low rents make development outside the South-east difficult to justify. But there are exceptions, **William Cochrane** reports

Struggle to bridge the Watford gap

INDUSTRIALISTS who wish to move to new buildings north of Watford are having difficulty locating leasehold premises, because developers cannot easily obtain economic returns.

The recession since 1980, has stopped institutions funding industrial developments for sale and leasebacks other than in prime, South-east England locations, according to Mr Geoffrey Castle, senior partner of agents Dron & Wright.

High interest rates obtaining have forced developers to demand a return on their total costs of more than 12 per cent a year to justify a speculative development they could hold as an investment.

"Rent levels in many areas are little more than £2.00 per sq ft, which would not show a sufficient return on total building costs, let alone site costs, of any such industrial development. Because of this low demand, land values are at a minimum, which does not encourage freeholders to sell," Mr Castle says.

Funds are not prepared to purchase properties outside the South-east, because there has been little rental growth over the last five years. So all developers are faced with the fact that there is little demand from purchasers of investments unless the yield will cover borrowing costs—probably more than 14 per cent at today's high interest market.

Industrial building allowances were available until last year and institutions and tax-paying companies were acquiring industrial investments at rates which would justify development because of the tax advantages. Leaving out the geographically limited benefits of enterprise zones, these advantages have now more or less disappeared, further reducing the supply of industrial properties.

Mr Castle also touches on the valuations carried out on behalf of the Welsh Development Agency and the English Estates portfolios. These underline the basic problem as they have produced open-market values considerably less than the cost of developing the completed building.

"This problem also affects the industrialist who wishes to develop new buildings in northern locations but is advised that the completed property is worth less than the cost of building," Mr Castle says.

"These problems are adding to the general industrial decline in northern Britain."

The Wang laboratories manufacturing plant at Stirling, overlooked by the Wallace Monument

SCOTTISH DEVELOPMENT AGENCY

Queues for Silicon Glen

MAYBE in an attempt to give the Americans something big to talk about, Scotland devised its own "Silicon Glen" — 70 miles long and up to 30 miles wide, taking in most of the central belt of the country.

Mr Maurice Rennie, head of the construction and technical services department of the Scottish Development Agency, which is promoting the concept, criticises the exaggerations common on the other side of the Atlantic.

"If you read U.S. publications relating to relocation, tenants are looking for an environment close to their markets or suitable for easy access to them, plus the opportunity of a good standard of living," he says.

"If you go to the U.S. this is not totally supported by the facts.

"There are beautiful areas for industrial property in the U.S. but if you look in detail, not all properties are in such areas."

But companies thinkiog of relocation will go for the best that they can find—they are finding it in Scotland, be claims. A seemingly endless list of big foreign names is coming into the country or expanding existing facilities, including Digital at Ayr, Wang at Stirling, and NEC at Livingston.

Much is on an owner-occupier basis. On the argument that owner-occupiers could be deterred from investment by the valuation experience of the Welsh Development Agency and English Estates, Mr Rennie says that the fitting out of factories, prodoction equipment and materials "far outweigh the minimal cost of relocation."

Given a £100m investment in a new plant, the property element could be as little as £6m to £10m.

Incoming companies are very site-conscious. They have, for the most part, already chosen the geoeral location. Most of the plants now built by the SDA's Locate in Scotland bureau are built with a view to owner-occupation and the SDA is relatively busy with inquiries.

The general SDA view is that the shakeout in U.S. electronics, infotech and semi-conductors has not been so dramatic in Europe; that companies are realising in the U.S. that they need to get into new marketplaces; and that Europe is coming to the fore as the largest commercial market in the world.

Scotland produces 15 per cent of Europe's output of silicon chips, has nine of the top 11 information systems companies in the world and is responsible for 40 per cent of UK information system output.

The SDA denies suggestions that it is being used to find sites for low-tech assembly of high-tech components. "Leading edge, state-of-the-art" production is what the SDA is promoting.

Livingston is well served by its close connection with Edinburgh and Heriott-Watt universities. The Wang plant at Stirling, nestling under the historic Wallace Mooument, is just off the nniversity campus.

One of English Estates' joint ventures with private capital, this time with the Midland Bank, at Carlton Road, Barnsley

RICHARDSON DEVELOPMENTS

Brothers developing in enterprise

RICHARDSON Developments is putting up some 600,000 sq ft of industrial property in the Dudley Enterprise Zone, east of Birmingham in the recession-bit West Midlands.

The area needed government help to make property development a practical proposition on this scale. "We didn't own a blade of grass there before the Government gave it enterprise zone status," says Mr Don Richardson, managing director and joint chairman with his brother Roy.

However, Richardson got into property long before this. The family company was based on heavy commercial vehicle sales and the post-war boom found it opening depots around the country in the 1950s.

"That put us into property," says Mr Richardsoo. "We found ourselves handling so much property that it became significant. Now it is larger than heavy trucks."

The first straight property deal was in 1966, when the twin brothers bought and developed a 22-acre estate on the other side of Oldbury, the company's home base. "We were going to move in ourselves but we leased it all to other people—about 400,000 sq ft in all," Mr Richardson says.

Now the company is the biggest in the Dudley EZ with the best part of 300 acres, all of which is owned freehold — or has been owned and subsequently sold.

"The local authority invited us to get involved and we did so by developing our own product," be says.

The Richardsons have made three deals with the British Steel Corporation for land in and around the Round Oak steelworks. In the original Dudley enterprise zone, designated in 1981 for a 10-year period, the company took 110 acres of surplus land around the steelworks.

Before that section was completed the decision was made to close Round Oak. Richardsons acquired it, and about 108 acres in the process. The third deal came on 40 acres used by the works as a tip.

The company has just taken possession of the 1m sq ft steelworks, which forms the basis of an extended EZ—"the last EZ in the conotry, expiring in October 1994," Mr Richardson says.

"We are about to start a nine-month demolition programme. Then we will have to treat the ground," he says. What he means by ground treatment, can involve taking more than 20 acres and dropping it 40 feet to level with the adjoining areas.

Phase 1 of the development in the section known as the Wallows, takes in some existing buildings of between 1,000 and 30,000 sq ft. "All the experts advised me to leave it alone, saying that it was a poor site and that we could do nothing with it," he says.

"We marketed those buildings on a freehold basis, at keen prices to get the interest going. What with that, and other advantages like the rate-free period and 100 per cent indostrial building allowances, they went very well."

Phase 2, some 36 small units marketed on a lease basis, has seen "unprecedented demand." Building of the first three phases will be finished in six months with 70 units of 1,000 to 35,000 sq ft—all occupied.

"Our difficulty is not in getting teoants, bot in building fast enongh to satify demand," be says.

ENGLISH ESTATES

Help refocused on small companies

MR TONY Pender, chief executive of English Estates, thinks that the 10:1 plant/property cost ratio suggested by the Scottish Development Agency (see above) is highly intensive. Two or three to one, he thinks, would be more typical.

"But the owner-occupier tends to regard property in relation to its value to the business. Its balance sheet valne is less important than its return on capital," be says.

"But there is no great evidence of speculative property investment at the moment. The reductioo in industrial building allowances, and the changes in regional development grant—now supporting the occupier's project, and not normally available to the developer—is not helping matters," Mr Pender says.

His property teams could offer a physical product, high tech, bespoke premises or spec, which could compete with the south. Some of his schemes, lead the field, he says.

Two-thirds of EE's portfolio is in the North-east, still affected by structural changes in its traditional industrial base and overlaid by the general changes going on in British industry.

Mr Pender thinks the natural environment is "quite superb—be it Northumberland, Durham or Cleveland." There bad been "tremendous" investment in infrastructure and the North-east was perhaps the one significant region yet to benefit from its position facing the rest of Europe.

Outside the North-east, he nominates the Listerhills project next to the campus of Bradford University, about to start its third phase of incubator units for high-tech industry, and the Wavertree Technology Park in Liverpool, where EE is involved jointly with Plessey, Liverpool City Council and Merseyside County Council.

In the past five years much of EE's effort has been refocused on help to small companies, and towards the service sectors. However, he says, last year the corporation let or sold almost 3.5m square feet of space nationally, and the first five months of this year are running 13 per cent ahead of that.

He sees a great increase in demand for bespoke buildings—built to specification for a particular occupier. This type fell away during the recent recession bnt is now much stronger, says Mr Pender, and may account for about 30 per cent of EE's ontput in financial terms.

A couple of years ago, he says, nearly all of EE's programme was at the small-to-medium end of the industrial market. Now, about 40 per cent is going into units up to 2,500 sq ft, 10 per cent into offices, 10 to 15 per cent into high-tech and the rest into fairly high premium, high-quality industrial or warehouse property.

On the question of valuation, English Estates bas been discussing with government the way to reflect it in the balance sheet. Mr Pender favours taking any loss in the balance sheet.

"This is a social cost we're incurring," he points oot.

● English Estates stopped new development in September because of cuts in Government funding from £42m to £32m. It bas proposed a management-led buyout to continue its work, funded by the private sector.

North-east imports

Overseas companies which have recently located in the north-east, the main area of English Estates activity, include:

Bristol Myers, US company, moved from the Thames Valley to Cramlington, Northumberland, in 1983, employing 250 people in 150,000 sq ft factory to make toiletries.

Fox Valley Systems of Chicago moved to Cramlington in 1984, employing 20 people to manufacture industrial paint applicators in 11,000 sq ft.

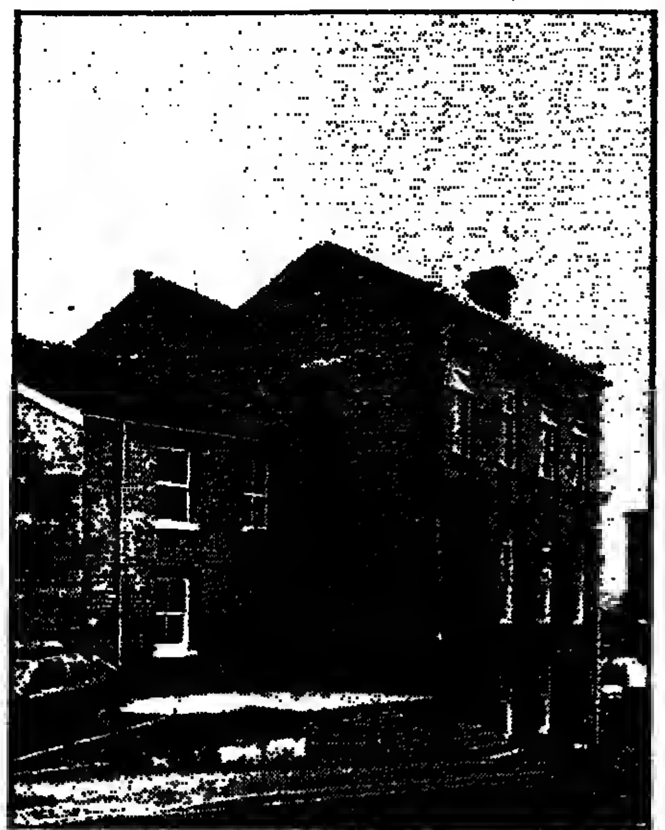
Scanro came from Scandinavia in 1983 to north Tyneside, manufacturing wind-surfing leisure equipment, with 120 people in 50,000 sq ft.

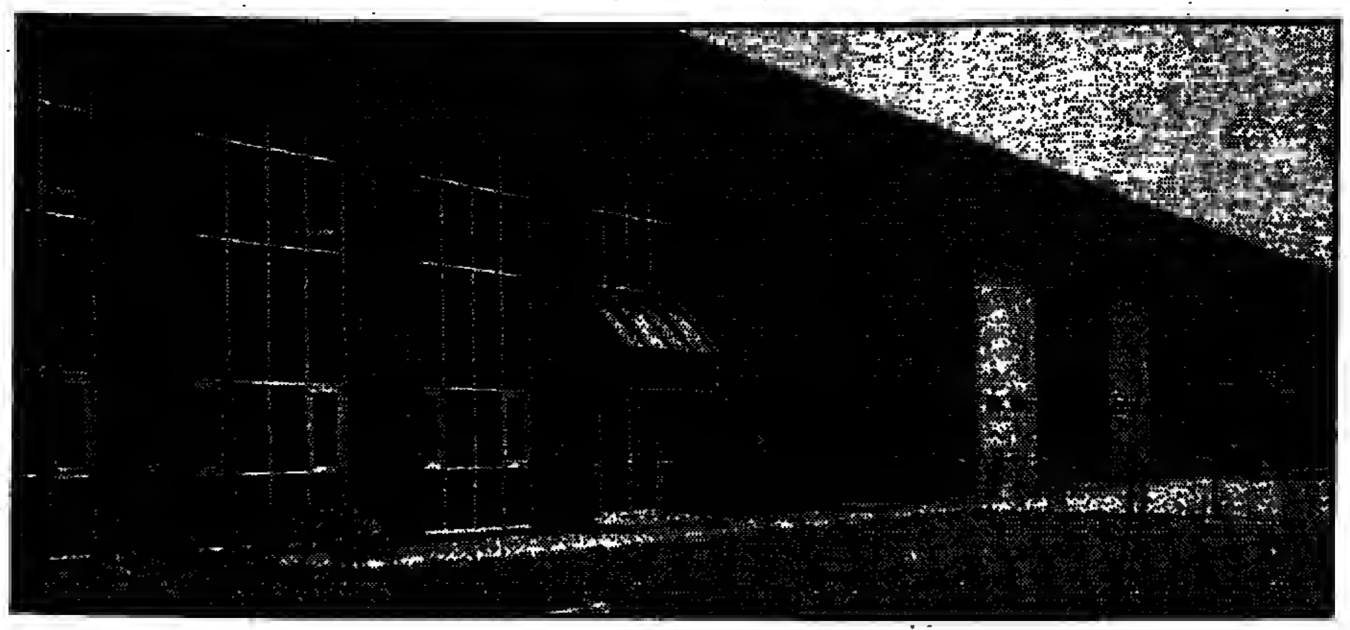
Multiman from Norway is to set up this year in the Team Valley Enterprise Zone at Gateshead, manufacturing specialist joinery in 10,000 sq ft, employing 20 to 30 people.

Tabuchi from Japan has located on Teesside Estate at Thornaby, manufacturing transformers for microwave ovens and video equipment in a purpose-built 45,000 sq ft building under construction. Anticipated employment is 160.

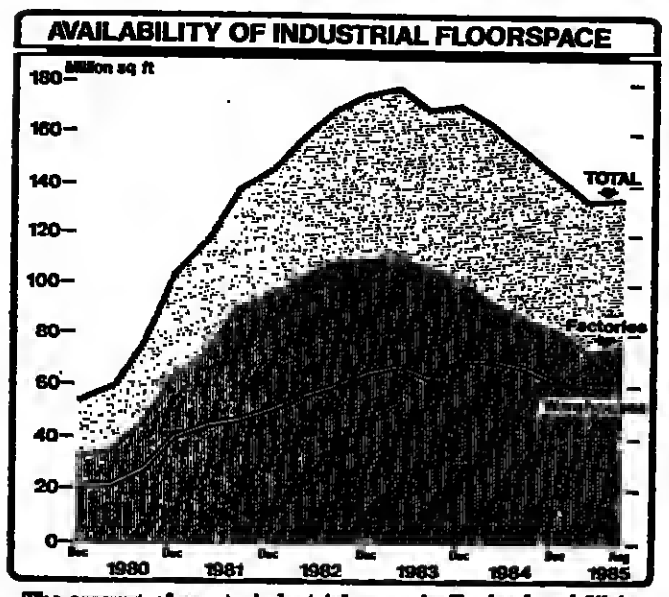
Designertronics of the US set up this year in the Cadcam Centre, at Middlesbrough, employing 10 people designing, manufacturing and distributing electrical and mechanical equipment in 2,700 sq ft.

Industrial Property 6





The bulk of the market is still formed by more traditional industrial property like this Mancunian Developments scheme on Trafford Park Enterprise Zone (above right) and conversions like the Moorlands Small Business Centre, Cleckheaton (above).



The amount of empty industrial space in England and Wales has been falling in spite of a small hiccough earlier this year, according to King and Co.

Patchy success for EZs

ENTERPRISE ZONES were one of the earliest "breakthrough" ideas on industrial revival brought in by the Conservative Government in 1979. It took until June 1981 for the first designations to be made, and there are now 23 zones.

The general thinking is still typical of the Government's approach, and many elements in the White Paper Easing the Burden are similarly concerned with cutting delays and red tape.

But the designated zones have had patchy success, with the flourishing ones icing an already rich cake and at times beggaring their neighbours.

Apart from simplified planning procedures, enterprise one benefits (which are for 10 years from designation date) include capital allowances and rates holidays.

Clydebank/Glasgow. Rising land values in the business park are an indication of successful lettings and a healthy interest from owner-occupiers. The Scottish Development Agency is active, and following the NatWest leasing of Erskine House, some interest is being expressed in the construction of a 70-bedroom hotel. SDA involvement is moving from direct financial input to guiding private sector funds.

Corby. Something of a disappointment. Not only is available industrial space far exceeding demand but redundancies have occurred at Commodore Computer's recently established premises. Plans for further units have been shelved.

On the bright side two large retail warehouses have opened, of which Texas Homecare is understood to be paying 10 to 20 per cent above the going rate for industrial units of the same design. The Wonderworld leisure theme park still awaits financial redemption and the town's best prospects may happen outside the one, led by Pilkington Glass.

Delyn. A recent designation in Wales with little activity and not much space available for immediate occupation. There are 71 companies here, including two with about 155 employees. Rents are about 10 per cent higher than outside the zone.

Dudley. A high-profile zone, energetically promoted and in many ways typical of the EZ dilema: according to the Inland Revenue's Valuation Office Property Market Report, "a significant number of the occupiers have transferred from elsewhere within the west Midlands, thereby merely shifting jobs rather than creating them."

Another typical conflict arises at Dudley between developers' keenness to build retail warehouses (MFI hopes to employ 500 people on Merry Hill Farm) and concern over effects on existing shopping centres. Developers Richardsons are reclaiming land and concentrating on pre-let and purpose-built schemes.

Glanford. This well-situated zone (designated in 1984) has links to the M180, M1 and M62 but has not been able to compete with the nearby Scunthorpe EZ, illustrating the danger in designating potential rivals. It has buildings and sites available.

Hartlepool. Jobs are increasing while occupied units drop in number. English Estates is having problems letting units in some areas, but building more in others. If a project to manufacture plastic moulding goes ahead, 300 jobs could be created.

Invergordon. Partly based on an established industrial estate. There is substantial involvement by various local authorities, and new roads at Alness could improve the outlook.

Lower Swansea Valley. Investment of £17.9m since designation—£15m from the private sector. Floorspace built or under construction is approaching 1m sq ft, and of the 2,000 jobs created almost half are new. Part of the success is due to the Swansea Enterprise Shopping Park, warehouse units, an hotel and conference facilities.

The Phoenix Business Park is doing well and prospects look good for the Rainbow Business Centre, where units of up to 500 sq ft are letting at up to £50 a week. A high-tech scheme is being planned by Enterprise Zone Developers.

Middlesbrough. English Estates is active as units are taken up. The zone is dominated by the Redpath Offshore sheds which cost £8m and offer all-weather protection for construction of North Sea rig accommodation modules. The zone is a focus for oil-related businesses which ensures its prosperity.

Milford Haven Waterway. Also designated in 1984. Local authorities are providing serviced land. A ship repair business may be set up with council subsidies, but the northern parts of the zone could suffer following re-classification and the loss of regional grants.

North East Lancashire. The local authority is spending £70,000 extending the road network with £100,000 more infrastructure. A large kitchen and bedroom furniture factory has moved in, and an electronics company is planning a high-tech showcase development.

North-west Kent. Designated two years ago, this zone has attracted 44 companies, generating 1,168 jobs and taking up nearly 900,00 0sq ft. But all come from the south-east, and 71 per cent from Gillingham, Rochester and Gravesham.

Best prospects are on the Gillingham Business Park, and moves are being made for the designation of part of the former Chatham naval dockyard. Complaints from neighbouring Swale that the zone has sterilised development there.

Rotherham. In the first year 10 companies arrived employing 505. Land prices have risen 25 per cent but no one is prepared to pay the £1m price tag for the Grattan Mail Order headquarters.

Salford/Trafford. A range of unit sizes and leasing conditions. Optimism shown in the building of a £8m, 166-bed hotel for Caledonian Group in the heart of Salford's derelict dockland, with marina, sports and conference centre and luxury housing. According to IR valuation officers, the Salford and Trafford EZs "have brought forward land for redevelopment which would otherwise have remained dormant for years." But there have been few newcomers from outside the region.

Scunthorpe. Activity limited to a large retail and DIY scheme with 520 parking spaces, and warehousing sites which are selling well. A large Hygena factory is in production.

Speke. The Merseyside Industrial Estate boasts 20 employers, but controversy is raging over refusal to allow Asda a 70,000 sq ft store. Little else in happening and, ironically, the Speke Industrial Park next door is doing well without EZ status, due to good transport (Speke Airport) and parking.

Tayside. Designation of this zone in January 1984 resulted in the reduction of interest in outside land for development activity is minimal.

Telford. Recently designated and active promotion by the development corporation. Employers include Tatung and Ricoh Photocopiers. High levels of occupation are creating an interest in speculative units. One big landowner is fighting the retail limitation, which if successful will probably generate demand for non-food retail outlets. A hotel is under construction for Queens Moat, and high-tech development with high office content is on the cards.

Tyneside. Older buildings outside the zone forced into continuing dereliction and disrepair. Occupiers inside the zone have found financial incentives cancelled by rents up to 35 per cent higher than outside. The best prospect, the Armstrong Centre, which would include a large retail park, is under the shadow of the Gateshead Metro Centre.

Wakefield. The miners' strike this area, but interest is reviving. Prospective tenants include Superdrug and Argyle Stores, while Brake Brothers Frozen Foods will refurbish the Buxted Turkey factory as a distribution depot.

Wellingborough. One of the most successful zones, with more than 80 per cent of its 38 hectares commited or reserved for projects and the rest soon to go the same way. Texas Homecare paid £1m for a distribution centre site and the target of 2,000 jobs by 1986 should be exceeded. The ration of public/private investment is 1 : 10.

West Cumbria. Only two out of the six sub-zones show any activity. English Estates is the moving factor at Clay Flatts and the Solway Estate.

MIRA BAR-HILLEL

Partners fight Brixton decay

THERE ARE areas of economic deprivation like Brixton in south London which do not have the stark emptiness of points north, where whole industries have moved or died—yet still seem suitable for some form of aid.

This has often come through partnerships between local government and private enterprise. In Brixton, BAT Industries and the London Borough of Lambeth have set up the Brixton Enterprise Centre as an employment creation initiative.

Mr Brian Hutchinson, general manager of the centre, who came from the John Lewis Partnership, says BAT's investment is part of a social policy to help people create employment in inner areas of decay and deprivation.

BAT bought the old Bon Marche building in Brixton Road in 1983, converting it into 70 workshops, 60 retail outlets and 80 office spaces for small businesses. Net lettable space is 70,000 sq ft in a gross area of 90,000 sq ft.

The enclosed office area is 95 per cent let, Mr Hutchinson says. Retail space is 80 per cent taken and the workshops, about 72 per cent, gone.

The industrial space tends to be workshop studios suitable for light industrial processes. They contain, for example, a joiner, a tapestry restoration business, and a bespoke tailor.

"But the building is also attractive to service industries like graphics design and music studies," Mr Hutchinson says.

The most popular units are about 300 sq ft. "New businesses seem to be able to afford this," he says.

"We have units of 500 to 1,200 sq ft which we expect to keep empty for the first year, so that tenants in the building can grow into them. We are very keen on the concept of a managed environment for small businesses."

BAT has been around in the small businesses market for four years. Its first involvement was the Southampton Enterprise Agency and tho second was in Toxteth. In both areas, the company is a major employer, although there have been cuts.

The Toxteth development, which involved new enterprise workshops at the South Brunswick Dock, has filled up with 140 small businesses. They are all light industrial, a different mix from Brixton. BAT is not an employer here. It wanted to be involved in an inner city area and saw need for mixed accommodation.

Mr Hutchinson is encouraged by what he sees. "We have a lady in Toxteth who makes marvellous knitwear," he says. "BAT US owns Saks Fifth Avenue, Gimbels, Marshall Fields—all big retail names—and keeps them appraised of what we produce here.

WILLIAM COCHRANE

FINANCIAL TIMES

Friday November 15 1985

Schering to buy Henkel US units

By Leslie Colitt in Berlin

SCHERING, the West Berlin-based pharmaceuticals and chemicals company, is to take over the polymers division and the fine chemicals division of Henkel Corporation, the US subsidiary of the Düsseldorf chemicals concern, in a further expansion in the US.

Schering is understood to be paying about $70m for the divisions, which include a production unit in Kankakee, Illinois.

The two units had a turnover last year of about $80m. Schering plans to integrate them into the Scherex chemical company in Dublin, Ohio, part of Schering's industrial chemicals division, which is expected to have sales this year of about DM 950m ($362.2m).

Schering's group sales last year rose 14 per cent to DM 4.9bn and were up 11 per cent in the first eight months of this year to DM 3.5bn.

Schering's US subsidiaries had a turnover last year of $358m. In September Schering and American Home Products reached an agreement permitting Schering to market directly its latest oral contraceptive in the US. The pill accounts for 24 per cent of Schering's pharmaceutical sales.

Under the agreement Schering will allow Wyeth Laboratories, the pharmaceuticals division of American Home Products, to use Schering's new hormonal agent for a birth control pill which both companies will market in different parts of the world.

Schering's Berlex subsidiary in the US will also get a licence from American Home Products for a drug to reduce blood pressure.

Ericsson plunges into loss for third quarter

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ERICSSON, the troubled Swedish telecommunications and electronics group, slumped into loss in the third quarter of 1985 and forecast that profits for the full year would be halved compared with 1984.

Mr Hans Werthen, chairman of both Ericsson and Electrolux, is to become working chairman of Ericsson and is to devote his efforts to tackling the groups' heavy losses both in information systems and in the US.

In the third quarter the group ran up a loss before "appropriations and taxes" of SKr 135.6m ($17.2m) compared with a small profit of SKr 26.3m in the corresponding quarter of 1984.

The losses would have been even worse without extraordinary gains of SKr 74.3m compared with extra ordinary losses of SKr 11.6m in the third quarter of 1984.

For the full year, Ericsson said it expected group profits (before appropriations and taxes) to total some SKr 800m; compared with profits of SKr 1.57bn in 1984, itself a decline of 11 per cent compared with the previous year.

The group said that the main reasons for the slump in profitability were the continuing losses that were being run up in the information systems division, combined with a sharply reduced demand for analogue transmission equipment, particularly in the US, which has hit sales of the public telecommunications division.

The heavy investment demands for research and development work in public telecommunications have also hit earnings. Ericsson is gambling heavily on the introduction of its Axe public telephone exchanga to the US maket, but its work on adapting the system to American standards has fallen well behind schedule, and a first order is unlikely before the end of 1986 at the earliest.

Mr Bjorn Svedberg, chief executive, said he welcomed the decision that Mr Werthen should become working chairman of Ericsson.

Group sales rose by 11 per cent to SKr 21.5bn in the first nine months of the year while new orders rose by 7 per cent to SKr 23.1bn. Profits – before appropriations and taxes – in the first nine months were virtually halved to SKr 508m, from SKr 954m, a year earlier.

Ericsson Inc, the group's 50–50 joint venture in the US with Atlantic Richfield, ran up losses of SKr 450m in the first nine months, of which Ericsson's share is SKr 225m.

The group is accruing heavy costs in the US both from the adaptation of tha Axe system and from the sweeping cutbacks in the US information systems operations.

The sales of the public telecommunications division, which is the backbone of the Ericsson group, stagnated in the third quarter at SKr 1.96bn.

Ericsson has been searching for international partners in the information system sector, and in recent days the group admitted thet talks had been held earlier this year with Olivetti of Italy. No concrete negotiations had started, however.

Ericsson said thet losses in the information systems would be even higher than the SKr 217m deficit run up in 1984, although a series of costly restructuring measures undertaken this year should have "a substantial impact in 1986."

SGS forecasts $15m loss for year

BY ALAN FRIEDMAN IN MILAN

SGS, Italy's leading microelectronics company, is expected to make a 1985 loss of more than $15m on sales which are likely to be down by around 8 per cent on last year's $335m.

The setback for SGS, which is owned by the IRI-Stet state holding group, comes just a year after the Milan-based chip maker made its first profit – $10m – in a decade. The losses which are expected to continue into the first half of 1986, are blamed on the crisis in the world microchip market which according to latest industry estimates, is suffering a 20 per cent drop in demand.

SGS, which employs 4,800 workers in Italy and 5,000 assembly workers abroad, began putting its Italian workforce on a four-day week in mid-September. Even middle management executives have been told to work the four-day week, taking Fridays off as part of their annual leave.

Despite the difficult market SGS reckons its European sales, which represent around 60 per cent of total turnover, will be up by 10 per cent this year.

SGS has undergone a remarkable transformation over the past five years under the leadership of Mr Pasquale Pistorio.

SBC on track for another good year

By John Wicks in Zurich

SWISS BANK Corporation expects its earnings for calendar 1985 to show a marked rise over the very good results of the past two years. All sectors of activity except precious metals trading have contributed to this improvement.

According to Dr Franz Lütolf, management chairman, profits will be enough for SBC to carry out a substantial increase in its reserves as provisions against "latent risks at home and abroad."

Last year, net earnings had improved by 17 per cent to a record level of SFr 503 ($234m) and the dividend was raised from SFr 11 to SFr 12 a share.

Dr Lütolf said in Zurich yesterday the bank would continue to follow a "flexible dividend policy," and he expected another good year in 1986.

SBC has granted a banking licence for its new Frankfurt subsidiary Schweizerischer Bankverein (Deutschland), which is intended to start full service operations before the end of this year with an initial capital of DM 100m.

Six-month fall for Molson

By Robert Gibbens in Montreal

MOLSON, Canada's second largest brewer and the owner of large industrial and retail interests, earned C$32.6m, or C$1.13 a share, in the six months ended September 30, against C$44.4m, or C$1.55, a year earlier. Revenues were C$1.05m against C$1.03m.

The company said brewing profits were well below the year-ago level partly due to labour problems.

Molson expects full-year earnings to be below those of fiscal 1985 but is taking steps to regain its lead in the Canadian beer market.

Conti-Gummi increases sales and earnings

BY JOHN DAVIES IN FRANKFURT

CONTINENTAL Gummi-Werke, the West German tyre and rubber products maker, has increased sales and earnings in the first nine months of this year and expects to pay a dividend at least matching that of last year.

However, Conti-Gummi said profits had not risen at the same rate as sales. It was proving difficult to push through price rises because of intense competition.

Excluding its recently acquired toterest in the Semperit Tyre operations in Austria, Conti-Gummi lifted sales revenue to DM 2.85bn ($1.08 bn) in the first nine months, 12.2 per cent more than in the same period last year.

The Semperit Tyre division, in which it bought a 75 per cent stake retrospectively to the beginning of this year, increased its sales revenue by 4.7 per cent to DM 759m.

Conti-Gummi paid a dividend of DM 3 a share after reporting group net profit of DM 41.2m last year. It was the second year in succession that it paid a dividend, after omitting a payout for most of the previous decade.

In the face of tough market conditions, Conti-Gummi has been rationalising its production, emphasising technological innovation and becoming more international.

It strengthened its position by taking over tha European operations of Uniroyal, the US tyre and rubber products group, in 1979, it gained a foothold in Japan and the US through production with local partners and sees further advantages through its move into Semperit.

Conti-Gummi said co-operation with Semperit and the integration of its tyre operations were going smoothly. Tha spin-off benefits to both sides were exceeding expectations.

Tha company is also setting much store on its new type of tyre, which hooks over the wheel rim rather than hanging from it.

Mr Helmut Werner, chief executive, indicated at the recent Frankfurt motor show that the new tyre would go on sale by 1988–89.

Conti-Gummi gave no details of profits so far this year but said some labour costs had risen.

Profit growth slows at Pharmacia

BY DAVID BROWN IN STOCKHOLM

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, says its rate of earnings growth slowed during the third quarter and it has marked down its estimate of full-year earnings.

The group has been hit by heavy price competition, higher costs stemming from late product launches and exchange-rate fluctuations.

Earnings after finanical costs for the first nine months reached SKr 513m ($65m), a 17 per cent increase, on 23 per cent higher sales of SKr 2.5bn.

Turnover in tha pharmaceuticals and diagnostics division climbed 20 per cent to SKr 1.72bn. The biotechnology unit reported a 32 per cent rise to SKr 617m.

Mr Erik Danielsson, managing director, said full-year earnings were likely to grow at a slightly slower rate than earlier expected, rising 17 per cent from the SKr 634m achieved last year against the earlier forecast of 20 per cent.

During the third quarter Pharmacia signed a letter of intent with Chiron of the US to produce an enzyme to reduce tissue damage caused by heart attacks.

● Mr Refaat El-Sayed, the Swedish entrepreneur who controls the Fermenta fine chemicals and biotechnology group, has acquired a majority stake in the Foretagsfinans investment firm in a SKr 315m deal from the ABV construction group and the Pronator and Argentus investment houses.

Novo edges ahead at nine months

BY HILARY BARNES IN COPENHAGEN

NINE-MONTH pre-tax profits in Novo, the Danish pharmaceutical and enzymes producer, were up by 3 per cent from DKr 686m ($72.3m) to DKr 708m, according to an interim statement, but sales growth slowed and profits slipped in the third quarter.

Sales at nine months increased by 12 per cent to DKr 3.11bn. Net profits, affected by an increase in the corporate tax rate from 40 to 50 per cent from last January, were down from DKr 507m to DKr 489m.

Third-quarter earnings before tax were down from DKr 245m to DKr 222m on last year. They were adversely affected by exchange-rate movements and losses in three small partly owned subsidiaries.

The weakening of the dollar, rand and sterling against the krone meant that earnings were DKr 15m lower than they would have been

EUROBONDS

New Zealand issues £100m FRN

BY MAGGIE URRY

NEW ZEALAND launched a £100m Eurosterling floating-rate note yesterday which will be fungible with an issue, also for £100m, made in August this year. When the two combine on the February 1986 coupon date, it will be the first sterling sovereign issue to exceed £100m.

The Bank of England does not allow these borrowers to issue more than £100m at one time. The advantage of a larger issue is that it should be more liquid and therefore be more attractive to investors.

The issue, which like the first is led by S. G. Warburg, is on the same terms as the original deal. The maturity is August 1997, and the interest payment will be at 1/16 per cent above three-month London interbank offered rate (Libor). Issue price is par, and fees are 35 basis points.

Tha first coupon for the new issue, which covers two months, is at an annual rate of 11 9/16 per cent. The sterling yield curve is flat at present, and the old issue also has a coupon fixed at that rate for the three-month period just started.

On the news of the second deal the original issue slipped in price, and by the close yesterday both were trading at 99.70 bid.

The £100m 20-year bulldog issue for Sweden was oversubscribed when the tender offer opened yesterday morning. Morgan Grenfell set an allotment price of 87.25, 15 basis points higher than the minimum tender price.

At that level the bonds, which have a 9¾ per cent coupon, yield 11.246 to maturity, a saving of 2 basis points in yield from that at the minimum price.

Applications at levels higher than the allotment price will be met in full, as will applications for up to £250,000 worth at the allotment price. Larger applications will be scaled down to 78.3 per cent. Dealings start in £30 paid form today.

The Eurodollar market was quiet and weaker yesterday as the New York bond market continued to fall. Prices in Europe fell by about ¼ point.

Salomon Brothers launched an issue of 150,000 warrants to buy the US Treasury 9⅞ per cent bond due on November 15 1990. The warrants cannot be exercised for the first three years but can then be used to buy the bond at a price of 101⅞.

Yesterday it was trading around 101¼. The warrants, issued at an undisclosed price, were quoted by Salomon at about $15 each.

In the D-Mark market Haindl Finance, a subsidiary of the large paper company, launched a two-tranche issue led by Deutsche Bank. The first part is a DM 100m 12-year issue with a 7 per cent coupon and par issue price.

The second is a zero coupon issue with a DM 150m redemption amount due in 2000. The issue price is 36¼.

Secondary market prices fell by about ¼ point in lacklustre trading.

The Victorian Public Authorities Finance Agency launched an Ecu 75m five-year issue with a 8½ per cent coupon and par issua price. The bonds are guaranteed by tha State of Victoria, and the lead manager is Banque Paribas. The issue was quoted as trading inside the 1½ per cent selling concession.

In the Swiss franc foreign bond market Charter Medical Corporation of the US launched a SFr 86m 10-year issue led by Soditic. The proceeds are being swapped into fixed-rate dollars. Issue price is set at par and the coupon at 6 per cent.

Kuraray, the Japanese textile company, launched a two-tranche issue worth a total SFr 120m. A SFr 50m five-year deal comes with equity-warrants and has an indicated yield of 3 per cent.

The SFr 70m part matures in March 1991 and is convertible. It has an indicated yield of 3 per cent. Lead manager is Crédit Suisse.

The convertible has a put option in 1989 at a price of 102½ to give a yield of 2.747 per cent.

The secondary market was little changed with a slightly firmer undertone. Hertz's SFr 100m 10-year 5¼ per cent issue fell from its 100½ issue price to end its first trading day at 98.

International bond service, Page 22

Samsung convertible awaits derestriction

BY OUR EUROMARKETS STAFF

SAMSUNG ELECTRONICS is expected to launch the first convertible Eurobond for a South Korean company in the next two weeks. The mandate for the issue has been won by S. G. Warburg, and Goldman Sachs will be the co-lead.

The $20m issue will have a 15-year life, and the coupon is likely to be 5 per cent with issue price at par. The bonds will not be convertible into shares, though, until restrictions on foreign investment in the South Korean stock market are lifted.

Until then foreigners will not have been able to invest in South Korean companies, except in a very limited way through six closed-end funds.

Analysts believe the Korean stock market is seriously undervalued because of this limitation on investors. At the same time Korean companies have been keen to raise more equity than domestic investors have been able to supply.

The Korean Ministry of Finance has announced measures to open the market to foreign investors eventually and to allow companies to issue convertible bonds abroad immediately.

This could result in a sharp rise in the Korean stock market, currently valued on a p/e ratio of about 5. Thus Warburg, in pricing the Samsung issue, must balance the desire of the company to sell its shares on a high p/e ratio and that of investors to benefit from the expected rerating of the market.

Warburg has devised a formula to divide the likely share price rise between the company and investors. The conversion price will be calculated on the basis of an average of the prices at the time of the launch of the issue and at the date when conversion is permitted. A minimum conversion price of 130 per cent of the initial price and a maximum of 200 per cent will be set. Investors will also have a put option at the end of five years at a premium.

Samsung Electronics, which comes under the umbrella of the Samsung Group, manufactures televisions and videos, stereo equipment, microwave ovens and refrigerations, computers and office equipment. Total revenue in 1984 was won 1,370bn ($1.57bn) and net income was won 29.8bn ($34.1m). The group is capitalised at about won 135bn. The shares closed yesterday at won 1,224 and have risen sharply in recent days. In the summer, when the whole market was lower, the shares were trading around won 850.

Swiss cement group plans bearer issue

BY PETER MONTAGNON IN LONDON

HOLDERBANK Financière Glarus, the Swiss cement concern, is raising about SFr 225m ($104.6m) in the Euromarkets through an issue of 60,000 bearer shares led by Credit Suisse First Boston.

The issue, which will increase the company's capital by 14.3 per cent, will be priced on Tuesday at the closing level in Zurich. Yesterday the shares closed at SFr 3,780.

Yesterday also saw the launch of what is believed to be the first issue of Euro-equity by a Belgian company in the form of a 2.5m issue of shares by Société Générale, the diversified industrial and financial holding company.

This will raise the equivalent of about $112m and increase the company's capital by about 13 per cent. The issue is led by CSFB alongside Swiss Bank Corporation International, Deutsche Bank, Générale Bank and Lazard Frères.

Pricing will be set at the closing level on the Belgian stock market on Monday. Yesterday the shares closed at BFr 2,395 ($45).

The issue carries fees of 4 per cent, ½ point higher than those on the Holderbank issue.

Chicago options link with Instinet planned

BY ALEXANDER NICOLL IN LONDON

THE Chicago Board Options Exchange, the world's largest traded option market, is to form a link with Instinet, the computerised equity trading system, which may give participants in each access to the other's marketplace.

Mr Walter Auch, CBOE chairman, said yesterday that the precise mechanisms of the link were still unclear but that "we're prepared to look at anything to improve the depth and liquidity of our marketplace."

The Options Network to be formed by the two bodies will provide Instinet subscribers, who can now trade in 8,000 equities, with real-time quotes from the CBOE's options floor.

The CBOE trades options on 161 equities, six currencies, US Treasury bonds and stock indices, including the Standard & Poor's 100 Index, by far the most active option contract in the world.

In this way, the crowd on the CBOE floor will be "electronically extended"

The CBOE operates an automatic execution system for small orders in its S & P 100 pit.

INTL. COMPANIES AND FINANCE

ACM and Amax unit set to merge

By Kenneth Marston, Mining Editor, in London

A NEW Australian mining company with a market capitalisation of A$125m (US$84m) and net current assets of A$145m is to be formed by the proposed merger of Australian Consolidated Minerals (ACM) and Austamax Resources. The latter holds 32.8 per cent of ACM and is itself 81 per cent owned by Amax, the US natural resources group.

ACM will take over Austamax via an offer of one share for every three fully paid shares of Austamax and 22 shares of ACM for every 100 partly paid shares of Austamax. Current Austamax options would be exchanged on a three-for-one basis for ACM 1988 options.

Completion of the merger, which is conditional on 90 per cent acceptance by Austamax, would leave ACM as the continuing company with 73.2m shares in issue. They would be 54.8 per cent owned by the public and 45.2 per cent owned by Amax after cancellation of Austamax's holding in ACM.

Following the exercise of outstanding options Amax could raise its holding in ACM to 49 per cent.

Mr David Burt, managing director of ACM, said: "The two companies have several joint projects, and the merger would facilitate operations and combine the predominantly gold assets in ACM with the longer-term base metal assets in Austamax.

"ACM is buying control of 15.2 per cent of our own shares, and a cash kitty of A$7.6m and, more important, will enjoy a high involvement in one of Australia's biggest undeveloped zinc-silver-copper deposits." This refers to the Golden Grove venture, which is due to reach production in 1989.

● Pancontinental Mining of Australia has linked with Degussa of West Germany in a A$3m (US$2.02m) joint venture to explore for and develop platinum deposits in Australia and Papua New Guinea.

The joint venture, which aims to spend A$3m over the next three years, will be half owned by Pancontinental Mining, with 40 per cent, and its wholly owned German subsidiary, Pancontinental Mining (Europe), with 10 per cent. The remaining 50 per cent is held by Degussa.

GM to write off $100m a year for 40 years in Hughes deal

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the US car group, would have shown a 3.4 per cent fall in reported net income for the first nine months of this year if the results had included Hughes Aircraft, under the accounting convention being used for the acquisition of the Californian aerospace company.

Although the figures were only meant for descriptive purposes, they indicated that GM would be charging off around $100m a year over the next 40 years to account for the Hughes purchase. Mr John Edman, vice-president in GM's finance group, said the company believed that increased earnings from Hughes's high-technology activities in aerospace and electronics would easily compensate for these charges against earnings.

The decline over the first nine months, from $2.75bn to $2.66bn, would have resulted partly from a drop in net interest income caused by the use of some of GM's liquid funds on the acquisition. In addition GM would recognise a higher amortisation charge to reflect the write-off of goodwill involved in the deal.

The detailed figures on the impact of the Hughes acquisition were revealed in solicitation material sent to GM's 925,000 shareholders asking for approval for the issue of new stock.

The documents also showed a sharp 46.3 per cent decline in Hughes's earnings for the first nine months of this year, when net income amounted to $117.8m against $219.2m in the same period last year.

Hughes pointed out, however, that the dip in profitability had been caused mainly by non-recurring charges and that it expected earnings to improve again next year. The company indicated that separate provisions had been made for cost overruns in both its Amraam missile development project and its satellite business while another charge had been made against the cost of improving quality in its Tucson missile facility, where the company has run into problems on military contracts.

Mr Edman said that, although the illustrative pro forma documents showed a decline in nine-month earnings, the Hughes deal was unlikely to have much actual effect on the group's profits this year because the agreement was not yet finalised.

In future years, however, GM's net income will be affected by the write-off of $4.2bn of goodwill and other intangible assets involved in the $5.1bn acquisition. Some $500m of this will be assigned to patents and written off over a period of 15 years while most of the rest will be amortised over 40 years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 14.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅜ 92	100	98⅞	99⅜	−0¼	+0⅜	10.55
Amex Credit 10⅝ 90	100	102⅞	103⅜	−0¼	+0⅛	9.84
Atlant Richfld 10¼ 90	250	96⅝	97⅛	−0¼	+0½	10.98
Australia Com 11¼ 95	100	104¾	105¼	−0⅛	+0⅜	10.54
Australia Com 11 95	200	101½	105	−0⅜	+0⅜	10.18
BP Capital 11⅛ 92	100	104⅛	104⅝	−0¼	+0¾	10.12
Campbell Soup 10½ 95	100	102¾	103¼	−0¼	+0⅛	9.99
Canada 11½ 90	500	106⅜	106⅞	−0⅜	0	9.54
Canadian Pac 10¾ 95	100	103⅛	103⅝	−0⅛	+0⅛	10.07
Canadian Pac 12¾ 90	75	106	106⅛	−0¼	+0¼	11.29
CEPME 10⅛ 91	100	100	100½	−0¼	+0¼	10.06
Chevron U.S.A. 12¼ 89	600	104¾	105¼	−0¼	−0⅜	10.60
Citicorp 10 88	200	100⅞	101⅜	−0¼	0	9.49
Citicorp 10⅜ 95	200	98⅝	99⅛	−0⅜	+0⅜	10.80
Coca Cola 11¾ 91	100	106⅞	107⅜	−0¼	+0⅛	10.08
Denmark Kingdom 11¼ 89	100	103⅝	104⅛	−0⅜	−0¼	9.94
Denmark Kingdom 11½ 90	100	104⅞	105⅜	−0⅜	+0⅜	9.99
Denmark Kingdom 11½ 92	100	104⅞	105⅜	−0¼	+0⅜	10.33
E.D.F. 10 95	225	97⅝	98⅛	−0⅜	+0½	10.34
E.E.C. 9⅝ 90	350	99⅛	99⅝	−0¼	+0⅜	9.77
E.E.C. 11⅛ 90	100	104¾	105¼	−0¼	+0¾	9.69
E.I.B. 12 95	200	109	109½	−0⅜	+0⅞	10.50
Eli Lilly 10¼ 92	150	101¾	102¼	−0⅜	+0⅛	9.83
Export Dev Corp 10 90	195	101⅛	101⅝	−0⅜	+0⅛	9.58
Export Dev Corp 12 89	100	107⅜	107⅞	−0¼	+0¼	9.59
Fed Dep Stores 10⅜ 95	100	98⅜	98⅞	−0⅜	+0⅛	10.34
Ford Motor Cred 11⅜ 90	100	103½	104	−0⅜	+0⅛	10.21
Ford Motor Cred 11¾ 92	100	†104⅜	104⅞	−0⅜	+0⅞	10.86
Ford Motor Cred 12 95	100	108	108⅛	−0¼	+0⅝	10.87
Gen Elec Credit 10¼ 95	200	101½	102	−0⅛	+0⅛	10.00
GMAC 10¼ 89	200	101⅝	102⅛	−0¼	+0¼	9.59
IADB 10½ 90	100	100⅝	101⅛	−0¾	+0⅜	10.34
IBM Credit 10¾ 2000	300	†102⅜	102⅞	−0¼	+0⅜	10.01
Kellogg Company 10¾ 90	100	103⅜	103⅞	−0¼	−0⅛	9.75
Kellogg Company 11⅛ 92	100	106	106½	−0⅜	+0⅜	10.06
L.T.C.B. 12¾ 91	100	111⅜	111⅞	−0⅛	+0⅜	10.10
Macy Cred Corp 11¾ 95	100	102	102½	+0½	+0⅜	11.32
Mitsui Trust 11⅜ 90	100	103¾	104¼	−0⅛	+0⅛	10.45
Pillsbury Co. 10½ 95	100	98⅛	98¾	−0¼	+0½	10.53
Pru Realty secs 12⅛ 95	546	108⅛	108⅝	−0¼	+0½	10.84
Qantas Airways 10⅜ 95	140	100½	101	−0¼	+0⅜	10.23
Quebec Hydro 11½ 92	100	106⅞	107⅜	−0¼	0	10.04
Queensland Govt 10¼ 95	100	99	99½	−0⅛	+1	10.36
Ralston Purina 11¾ 95	150	105⅝	106⅛	−0⅜	+0⅛	10.71
Ralston Purina 12¼ 89	195	108½	109	−0¼	0	9.93
Saskatchewan 10¾ 92	100	103⅝	104⅛	0	+1	9.97
Saskatchewan 11⅞ 88	100	106⅜	106⅞	−0¼	+0⅜	9.00
Statoil 10 90	170	100½	101	−0⅛	+0⅜	9.77
S Wales Trsy 11¾ 90	150	105⅞	106⅜	−0⅜	+0⅜	9.95
Swed Exp Cred 10 92	100	99⅝	100⅛	−0⅛	+0⅞	10.00
Swed Exp Cred 12⅛ 89XW	100	101	101½	−0⅜	+0⅛	10.02
Sweden Kingdom 10⅞ 90	200	103½	104	0	+0⅜	9.77
Sweden Kingdom 11½ 89	200	105¾	106¼	−0¼	+0⅜	9.64
Sweden Kingdom 11¾ 94	100	107⅛	107⅝	−0⅜	+0⅜	10.46
Tenneco Corp 10¾ 95	150	100¾	101¼	−0⅜	+0⅜	10.58
Texaco Capital 10 95	300	94⅝	95½	−0⅝	−0⅛	10.85
Texaco Capital 11⅛ 95	250	102½	103	−0⅜	+0⅜	10.63
United Tech Fin 10⅜ 95	195	100¾	101¼	−0⅜	+0½	10.44
Victorian Rep 11⅜ 92	150	105¾	106¼	−0⅜	+0¾	10.26
World Bank 10⅛ 95	300	99⅛	99⅝	−0½	+0⅜	10.21
World Bank 12⅞ 94	200	113⅜	113⅞	−0¼	+0½	10.42

Average price change On day −0¼ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	104⅝	105⅛	0	+0¼	7.21
Austria Republic 7⅜ 94	200	103½	104	0	−0⅛	7.03
Baxter Travenol 7¼ 94	200	100⅞	101¼	+0⅛	+0⅛	7.10
Copenhagen 7⅜ 95	150	99⅝	100⅛	0	−0½	7.37
Credit National 8⅛ 94	200	106¼	107	−0⅜	+1⅜	7.09
E.I.B. 7¼ 94	300	101⅜	102⅛	−0⅛	−0¼	6.98
Escom 8 92	150	94⅜	95⅛	−0½	−0¾	9.10
Ex-Im Bk Korea 7⅜ 90	100	100¼	100¾	0	−0¼	7.49
Ferrovie Dello Stato 8 91	100	104	104½	0	0	7.01
Finland Republic 7 92	200	102⅛	101	0	−0¼	6.64
Gould Int Fin 7⅜ 91	100	102⅛	102⅞	−0⅛	−0⅜	7.05
Ireland 8⅛ 92	150	103⅝	104⅜	0	−0½	7.32
Japan Fin Corp 7⅜ 91	100	103½	103⅞	−0⅜	+0⅛	6.64
Mitsubishi Hvy 3½ 89WW	300	140½	141½	+0½	−12½	−8.13
Mitsubishi Hvy 3½ 89XW	300	92	92¾	−0¼	−0⅛	6.05
Mitsubishi Met 3⅜ 89WW	100	104¾	105¾	+0¾	−0¾	1.79
Mitsubishi Met 3⅜ 89XW	100	99	99¾	0	−0⅛	5.12
Quebec Hydro 7⅜ 90	200	101⅞	102⅜	−0⅛	−0¼	6.79
Renfe 7¼ 90	100	102½	103	−0¼	−0½	7.22
Soc Cent Nuclear 7¼ 95	150	101½	102	0	−0⅛	6.99
Societe Cent Nuclear 8 91	100	104⅞	105⅝	0	−0¼	6.83
Sth African Tran 7⅜ 92	195	93¼	94	+0¼	+0⅞	8.88
World Bank 7 90	600	†100½	101	−0¼	−0¼	6.88
World Bank 7¼ 89	100	102¼	104	0	−0¼	6.46

Average price change On day −0⅛ on week −1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅜ 94	130	†100	100⅛	−0⅜	+0⅛	5.34
Brit land Comp 6½ 93	75	†105	105¼	+0¼	+1	5.95
Council of Europe 6 92	120	†103¼	103½	+0½	+0¾	5.41
Creditanstalt 5½ 94	100	†99⅛	99¾	−0¼	−0¼	5.55
Deutsche Bk Fin 5⅜ 95	100	†103	103½	+0⅛	+1	4.92
E.I.B. 5¾ 94	120	†102¼	102½	−0¼	+0¾	5.63
Gen Occidentale 4½ 94	95	†103½	103¾	−0½	+1⅜	4.01
Glendale Fed S&L 5½ 95	100	†97½	97¾	0	+0½	5.82
Ind Fund Fin 5¾ 94	40	†101	101½	0	0	5.59
Int-Am Dev Bk 6⅛ 94	120	†102½	103⅛	−0⅜	−0⅛	5.69
N.Zealand steel 5¾ 95	70	†100¼	100½	+0¼	+0¼	5.79
Oberos Kltwk 5⅜ 95	100	†99¾	100	+0¼	0	5.39
Olivetti Intl 5½ 95	100	†100¾	101	0	+0¼	5.38
Pepsico 5¼ 90	130	†100¾	101	+0¼	−0¼	5.13
Ralston Purina 5⅜ 94	125	†101	101¼	+0¼	+0¼	5.21
Santos Finance Ltd 6 94	130	†99¾	100	+0¼	+0⅛	6.02
Tokyo Elec Pwr 5½ 93	120	†101¼	101½	+0¼	0	5.26
Tokyo Metropolis 5¼ 94	80	†100¾	101	−0¼	−0⅞	5.12
World Bk 5¾ 94	150	†101½	101¾	+0¼	−0¼	5.52

Average price change On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 96	15	97¼	97¾	−0⅜	−2	7.41
Gdyr Tr & Rubber 7⅛ 95	25	98½	99	+0⅛	−1⅛	7.30
Mort Bk Denmark 7 92	10	97½	98	0	−1¾	7.44
New Brunswick 7⅛ 90	10	97⅜	97⅞	−0⅛	−2½	7.47
Swed Exp Cred Zero 90	14	71	71½	+0½	−0½	7.21

Average price change On day 0 on week −1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 SA	50	93⅛	94½	+0¼	−4	14.85
Kellogg Co. 13¾ 88 AS	30	95½	96⅛	+0⅛	−0⅜	14.65
Pepsico Cap. Res. 13 90AS	90	101¾	102¾	0	−0⅜	12.35
TranscanPipe 13⅛ 90AS	40	93½	94⅛	+0¾	+0⅛	15.28
Amex 10¾ 95 CS	50	101	101½	−0¼	0	10.28
Canadian Pac 10⅜ 90 CS	75	98	98⅛	−0¼	−1⅞	10.59
CIBC 10¾ 90 CS	75	†102½	103	0	+0¼	10.00
Genstar Fin 11¾ 95 CS	75	101⅜	101⅞	0	+0½	11.44
Montreal 11½ 95 CS	75	104½	105	0	+0⅜	10.80
Sears Acc. Co 10⅜ 92CS	75	†98⅛	98⅝	+0⅛	+0⅜	10.95
Winnipeg City 10⅜ 90CS	60	102⅜	102⅞	−0¼	+0⅛	9.87
Chrysler Fin Corp 17 90NS	65	92¼	93¾	0	+0⅛	19.28
K.O.P. 18¼ 91 NS	90	†90½	91⅛	−0⅛	0	19.50
Kredietbank Lux. 17 88 NS	70	99⅝	101⅛	0	+0⅛	16.27
B.N.P. 8⅞ 95ECU	75	98½	99¼	+0¼	+0⅜	9.06
IBM Wld Trade 8¾ 90ECU	100	100⅞	101⅝	+0⅛	+0⅞	7.91
Sec Pac Aust 8¾ 90 ECU	100	98¼	99	0	+0⅛	9.05
Honda Motor WW 3⅞ 90FL	100	102⅞	103⅝	+0¼	−0½	2.85
Honda Motor XW 3¾ 90FL	195	86⅜	86⅞	+0¼	+0⅛	6.99
Thyssen 7¼ 90 FL	90	102⅜	102⅞	0	+0¼	6.58
Wereldhave 7½ 90 FL	75	101⅞	102⅜	+0⅛	+0⅝	6.94
Wessanen 6¾ 90 FL	50	99⅛	99⅝	0	+0⅜	6.89
S.N.C.F. 11 2000 FF	500	101	101½	0	+0¼	10.82
Australia Comm 11 92 £	40	98⅞	99⅜	−0⅛	−1	11.17
BP Capital 10¾ 92 £	50	99⅝	100⅛	0	−0¼	10.76
E.I.B. 11⅛ 93 £	50	99⅜	99⅞	0	−0⅜	11.17
GMAC UK Fin 10½ 90 £	30	98	98½	0	+0⅛	10.97
Imp Chem Inds 11¼ 95 £	75	99¾	100⅛	−0⅛	−0¼	11.24
Imp Chem Inds 10¾ 92 £	75	97⅛	98	0	−0⅛	11.22
Mcdonalds 10⅞ 90 £	40	100½	101	0	−0⅜	10.65
Mitsubishi Fin HK 11 90 £	50	99⅛	99⅝	0	−0⅛	11.14
Privatbanken 11⅞ 92 £	20	100⅜	100⅞	0	−0⅛	11.80
Rank Xerox 11 92 £	40	97⅝	98⅛	−0¼	−1¼	11.45
Royal Ins 10¾ 92 £	60	97⅜	97¾	0	−0⅛	11.30
Star Drug Cap 10⅞ 90 £	30	99½	100	−0⅛	−0¼	10.91
Tricentrol XW 11 92 £	35	96	96½	0	−0⅛	11.82
Trthouse Forte 11¼ 90£	50	99	99½	0	−0⅛	11.31
World Bank 11⅛ 95 £	100	100⅛	100¾	−0⅛	−0¼	11.14
C.O.E. 8⅞ 95 LF	600	99⅛	99⅞	0	0	8.95
Nat Lux Alum 10½ 92 LF	600	103⅝	104⅝	−0⅛	0	9.65

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	20/12	8⅛	8.13
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 88	0⅛	100⅛	100⅜	13/12	8¾	8.73
B.N.P. 5¼ 95	0	101⅛	101½	10/1	5¼	5.18
B.N.P. 5¼ 96 (July)	0¼	99⅞	100⅛	22/1	8¼	8.25
B.N.P. 5¼ 99	0⅛	100	100¼	5/6	5¼	5.24
Britannia 5 95	0⅛	99⅞	100⅛	8/1	5	5.00
C.C.F. 5¼ 97	0	99⅝	99⅞	28/10	8.19	8.21
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Credit Lyonnais 5 00	0	100⅛	100⅝	10/1	5	4.99
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.06	5.08
E.N.E.L. 5 00	0⅛	100	100⅛	1/3	5	4.99
Iceland 5¼ 00	0⅛	99½	99¾	11/1	5¼	5.27
Ireland 5¼ 97	0	99⅞	100⅛	28/2	8.44	8.44
Ireland 5¼ 99	0	100⅛	100⅜	16/3	8.94	8.92
Lloyds Bank Perp	0¼	100⅛	100⅜	9/12	8	7.98
Midland Bank Perp 5	0¼	100	100½	19/12	8⅛	8.10
Nat West Perp A 5¼ S	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5¼ S	0¼	100⅛	100⅜	10/2	8.91	8.88
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Roy Bk Canada 5 2005	0⅛	99⅞	100⅛	7/12	8.19	8.19
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.76
Societe Generale 5¼ 97	0	100⅛	100⅜	16/3	5¼	5.26
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.84	124½	125⅛	+0⅜	5.70
Comcast 7 2000	12/85	23.875	†102⅛	107½	−1½	20.58
Fanuc 3⅜ 98	1/84	7032.3	135⅞	137⅞	−0⅝	64.00
Fuji Hvy Inds 3 2000	8/85	676	90⅛	91⅛	+1⅛	6.92
Fujitsu 3 99	5/84	1320.9	89¾	90¾	+0⅛	13.58
Kumagai Gumi 3½ 2000	3/85	600	158⅜	159⅞	−3½	6.27
Marui 3½ 99	7/84	1162	145⅞	146⅞	−0¼	0.60
Mitsubishi Bank 2⅞ 00	8/85	1760	96⅝	97⅝	0	−3.88
Mitsubishi Elec 2⅞ 00	3/86	422	98⅝	99⅝	−1⅜	−1.24
Murata 3½ 2000	7/84	2398	111¼	112¼	−0⅞	17.95
Nippon Elec 2⅞ 2000	1/85	1295	103¾	104¾	0	37.98
Nippon Oil Co 3 2000	5/85	923	102½	103½	−0¼	−1.38
Oki Elec Ind 3½ 99	10/84	805	92⅛	93½	+0¾	12.92
Sekisui House 3 95	6/84	612	149⅞	151⅜	−0⅛	−3.93
Sumitomo Bank 2¾ 2000	8/95	2142	94½	95½	−1⅜	8.75
Sumitomo Corp 2⅞ 99	5/84	593	126⅜	127⅜	−4⅝	−6.38
Taiyo Yuden 3¼ 2000	3/85	1078	†99	101	0	−4.58
Takeda Riken 3⅜ 2000	10/84	7663	†91	93	−0½	10.37
Tokyo Sanyo Elec 3½ 99	12/84	772	93⅛	94⅛	+0¼	−0.46
Toshiba Ceramics 3 2000	4/85	1734.2	97¾	98¾	−0¼	8.37
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†108	108½	+0⅛	20.60
Nippon Shinpan Co 2 92 SF	3/84	801	†109	109	−2¼	9.77
Asics 5 92 DM	12/83	520	108¾	110	−0¼	15.06
Renown 3⅜ 90 DM	3/85	675	107	108	+0⅛	−4.33
Sum Realty 6¼ 92 DM	3/95	338	†361	362	−13	−6.38

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date—Date next coupon becomes effective. Spread—Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn.—current coupon. C.yld—current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day—Change on day. Cnv. date—First date for conversion into shares. Cnv. price—Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem—Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Hanson sets a precedent in the legal arena for US takeovers

BY TERRY DODSWORTH IN NEW YORK

AFTER EIGHT days of fierce litigation on one of the most bitter takeover battles seen for some time in the US, the New York investment banking community is waiting impatiently for an imminent court ruling which could have a profound effect on the way bid battles are conducted on Wall Street.

A decision is expected within the next few days on the action brought by Hanson Trust of the UK in its battle for control of SCM, the New York industrial group. Whichever way it goes, the judgment will almost certainly be appealed. But within a couple of weeks from now, the appeals court should have established some new parameters for a game that is never quite played by the Queensberry Rules in the US.

The issue before the court is whether SCM's board was justified in giving a "lock-up" option to Merrill Lynch, the New York securities company, which was bidding for SCM in co-operation with executives who would be involved in a proposed management buy-out of the company.

Lock-up options, familiar devices in US takeover battles, give a bidding company the right to acquire specified assets of the target at a pre-established price under certain conditions. They are essentially designed as an inducement to persuade the bidder to make the offer, and are generally exercisable if the bid is thwarted—in this case, for example, Merrill could exercise the option if someone else acquired one-third of the company.

In the past, lock-up options have not always succeeded in producing winning bids, but they have often proved difficult to challenge in the courts. Although shareholders have attacked them, on the grounds that they freeze out alternative offers, companies have frequently defended themselves successfully by invoking the "business judgment" rule.

Bang in the middle of the New York hearings, however, a decision on a similar action in Delaware sent out a serious challenge to the business judgment rule. Commenting on a lock-up option granted by Revlon, the cosmetics group, to a buy-out group which would have included some of the company's management, the judge found that the board had breached its fiduciary duty to shareholders by agreeing to the option and effectively ending the bidding process. A lock-up provision, the court held, "must edvance or stimulate the bidding process, not retard it, and towards that end tha interests of the shareholders are best served through encouraged competition."

A similar issue lies at the heart of the SCM-Hanson battle. On the one hand, the Hanson lawyers are arguing that the lock-up option is hampering tha free play of market forces, and ought to be abrogated by the court. On tha other, SCM contends that directors acted in the best interests of shareholders when it granted the option to Merrill.

Lord Hanson: in an intense courtroom struggle.

At that time, Merrill's $74 a share bid which followed a series of competing offers, was the best on the table, and thera was no indication that the UK company would improve on its previous $72 a share offer—it later bid $75 a share.

The line of attack developed by the Hanson side can be summed up under two main headings. First, it has argued that the lock-up was "extreme defensive action" undermining Hanson's own efforts to take over the company by selling off assets at a "price far below their fair value." If upheld, the option would "artificially end the bidding for control of SCM, thus depriving shareholders of the benefit of the highest offer—Hanson's."

Some of the most aggressive cross-questioning in court—and some of it was very aggressive indeed, dragging up previous Hanson tangles with the US legal system—arose out of the effort to establish a fair value for the two businesses which Merrill had been given the option to buy—SCM's pigments and consumer foods divisions. The importance of this issue to both sides was hammered home by the Revlon decision, where the court found that the asset option granted to the favoured purchaser was well below the lowest valuation made by the company's own investment banker.

In the SCM case, the Hanson lawyers have not had such a straightforward case, since Golman Sachs, the investment bank advising the SCM board, gave an unambiguous opinion that the option prices granted to Merrill Lynch represented fair value. As a result, the Hanson side has had to try to show that Goldman, one of the most respected Wall Street institutions, erred in its arithmetic.

The other thrust of the attack was aimed at trying to show that the SCM directors failed to do their job, "rubber stamping" a deal in which management had e vital interest "without prudent investigation, deliberate consideration or open-minded examination of the alternatives."

Once again, tha Revlon case was relevant, because in that instance the court had found that the board was at fault in keeping the prospectiva management buy-out team in the picture at all times, while excluding the hostila bidder. The Hanson lawyers argued that the final Merrill offer was similarly accepted by the SCM directors without once approaching Hanson to see whether it would increase its offer.

The SCM defence against this challenge has been based on the business judgment rule—that "courts are ill-equipped and infrequently called on to evaluate what are and must be essentially business judgments," as one ruling put it. This argument hinges on the contention that the final Merrill bid of $74 a share was the best offer to shareholders at the time it was accepted end did not seem likely to be topped. Indeed, Goldman Sachs had contacted 40 potential buyers of the company without success.

Looked at from this point of view, SCM says, the asset option was a necessary concession to persuade Merrill to make e higher bid, and thus give increased value to shareholders, rather than a device to freeze out alternative offers.

Hanson was not contacted before the grant of the lock-up, SCM's lawyers say, for two reasons. Merrill might have dropped out of the bidding process if it felt it was being used as a "stalking horse" to make Hanson increase its offer, while Hanson had never shown any "desire or intention to negotiate a higher bid. . . . It raised its bids only in response to competition from Merrill."

On this latter point, there was a great deal of cut and thrust in court. Hanson's advisers insisted that it wanted to negotiate, but Lord Hanson himself, chairman of the UK group, agreed under cross-questioning that a letter suggesting e meeting, which was sent to SCM in the early stages of the hostile bidding process, did not signal the UK company's willingness to negotiate an acquisition higher than the original offer of $60 a share.

While no-one is taking bets on the outcome of the Hanson case, the intensity of the courtroom struggle over SCM's future highlights tha significance of the legal process in determining takeovers in the US.

In a system based upon a balance between Federal and state law, where there is no overriding authority such as the London Takeover Panel, the legitimacy of many of the strategic manoeuvres in takeover battles has to be decided by case law. It is a messy system, and one which undoubtedly scares off overseas companies, who may not want to be exposed to the unflattering glare of courtroom proceedings. On that score at least, Hanson is setting a precedent.

SIA set to rank second on stock market

Andrew Baxter and Chris Sherwell in Singapore detail the long-awaited public share issue from the state airline

BEFORE MASSED ranks of officials, journalists and lawyers, the loog-awaited publie flotatioo by Singapore International Airlines (SIA) got off the ground yesterday with the launch of a S$500m (US$236.5m) ioternatiooel equity issue.

The island state's netional flag carrier will offer 100m shares at S$5 a share, comprising 50m new shares, another 48.4m from Temasek Holdings, the governmeot holding company, and 1.6m tendered by airline employees. This was broadly in line with details leaked in advaoce.

At least 50m shares will be offered to Singaporeans, witb a minimum of 25m privately placed in New York, London and Tokyo. A decision on the balance will be taken according to demand, but the net effect of the issue will be to reduce the government stake from 77 per cent to 63 per cent—or some 390m out of 619m shares.

With e market eapitalisation of more than S$3bn, SIA will rank as the second largest company quoted in Singapore behind the Overseas-Chinese Banking Corporation, one of the "big four" local banks.

Mr Joe Pillay, SIA's chairman, acknowledged yesterday that the share offer did not amount to a privatisation. "It's a partial disinvestment—that's about it," he said.

With an eye on the hovering lawyers, Mr Pillay was reluctant to divulge information beyond that contained in the 54-page prospectus published yesterday, or comment on the likely outcome of the share issue, wblch follows berd on the beels of a domestie share offer by Malaysian Airline System (MAS) in neighbouring Malaysia.

This was less because of concern over comparisons with the MAS offer, which was 6.5 times oversubscribed on a mueh lower price/earnings ratio of 5.9, than because of the aheer complexity associated with ao international equity issue. Great care has been takeo to ensure that the private placements abroad conform with the striel regulations in each ceotre—particularly those of the US Securities and Exchange Commission.

The offer marks the climax to months of cautious planning by SIA and Development Bank of Singapore (DBS), the state-controlled bank which is managing the issue. The work has been complicated by a weak local stock market, problems over handling employees' partly-paid shares and structuring the flotation to ensure an orderly outcome.

Reports occasionally surfaced of differeoces of opinion between SIA and DBS, and local banks eod hrokers periodically expressed irritation about the way informatioo surfaced and, latterly, over whether the S$5 pricing is right.

Mr Pillay said employees had only returned 1.6m sheres under the buy-out scheme because of their "ionate good commercial sense." But be admitted thet he boped they would not offload their holdings after trading commences, probably around December 18.

An emharrassing price fall could be expected to follow a significant sell-off by employees end those wbo ere doubtful about the airline'a long term growth prospects. Most worries focus on the limited number of possible new air travel markets following the rapid expansion of the past decade, which has mirrored Singapore'a own remarkable growth.

Officials readily admit that growth will slow over the next few years, bnt Mr Pillay, while saying the recent record was "patchy," declared: "We have proved we can manage a carrier well in a low-growth environment."

In the airline's favour over the short-term is the continuing weakoess in US dollar-denomioated fuel prices, a key component of costs. More generally, a young airline fieet and SIA's long-successful advertising campaign, based on the romantic image of the "Singepore Girl," should also help.

One irony of the whole Issue is that SIA has yet to decide what to do with the S$250m proceeds from the 50m new shares. But with S$2.2bn cash in hand in current account and short-term deposits, the airline is berdly under pressure to raise funds.

State merges Tenth Credit

THE Taiwan Government is to merge Teoth Credit Co-operative Bank with the state-owned Taiwan Co-operative Bank, Renter reports from Taipei.

Chang Chi-cheng, the central bank governor gave no merger date but said Talwan Co-operative will assume Tentb Credit's estimated debt of US$325m.

The Government has been managing Tenth Credit since a run on it and Cathay Investment and Trust a sister hank, io February dnring which depositors withdrew $650m

The affair led to the resignations of Taiwan's Eeenomic and Finance ministers

Petronas reveals its earnings

PETRONAS, the Malaysian state oil company, has made a rare disclosure of earnings, In wbieh it said that group net profits rose to 3.72bn ringgit ($1.53bn) in the year to March from 2.92bn ringgit, Reuter reports from Kuala Lumpur.

Raje Tan Sri Mohar bin Raja Badiozaman, the chairman, said local concern about its financial position after it spent 2.5bn ringgit in taking over the troubled Bank Bumiputra prompted Petronas to reveal its figures.

Parent company net profit after tax for the same period was 3.51hn ringgit. Group pre-tax profit was 6.83bn ringgit and parent pre-tax profit 6.32bn ringgit.

Total revenue from crude oil and processed products in the year was 6.76hn ringgit, it said, but gave no comparison. Maleysia's estimated crude oil reserves et Jannary were 3.07bn barrels, 4 per cent up on a year ago, the statement said.

Liquefied natural gas exports rose to 3.86m tonnes from 1.85m tonnes, raising 2.4bn ringgit. Petronas sold 140bn cuhie feet of natural gas worth 515m ringgit, against 76bn cu ft worth 267m ringgit.

Some 2bn ringgit of this year's group net profit went into reserves, raising them to 11hn ringgit.

Total essocieted and non-associated natural gas reserves rose 2 per cent and 9 per cent from 1984 levels, to 9.910hn cu ft and 42,830bn cu ft.

"Petronas is taking steps to encourage exploration . . . to increase the country's petroleum reserves," the statement said, edding that the company was reviewing production sharing contract terms to give more incentives for exploration and development. It gave no details.

Group profits in 1985-86 are expected to fall, owing to over-supplied world markets and lower output in 1985 in line with Opec price stabilisation efforts, it said.

Two Japanese camera makers show growth

By Yoko Shibata in Tokyo

JAPAN'S two major camera makers have reported improved earnings in the half-year lo September, but their forecasts for the full year differ substantially.

Minolta estimates e 58.3 per cent jump in pre-tax profits for the year while a 24 per cent drop is expected at Nippon Kogaku, the maker of Nikon cameras.

Minolta has been boosted by the launch in February of the Alpha 7000, a single-lens (SLR) reflex camera with automatic focus. Half-year pre-tax profits rose 58.5 per cent to Y5.44bn ($26.7m) and net profits were 37.2 per cent higher at Y2.75bn. Sales of Y93.3hn were up 32.9 per cent.

Full year pre-tax profits are estimaled to reach Y11.5hn, up 58.3 per cent, with net profits of Y5.8bn, ahead hy 44.6 per cent, on sales of Y195hn, up 29.6 per cent.

Nippon Kogaku lifted its half-year pre-tax profits hy 10.2 per cent to Y5.14bn, although a sharp drop in operating profits —down 32.5 per cent to Y5.6bn —resulted from higher costs of research and development and promotion.

Sales rose 8.5 per cent tn Y92.89bn.

Nikon cameras continned to lose their share in the SLR market to Minolta's Alpha 7000s.

Full-year pre-tax profits are expected to drop hy 24 per cent to Y10bn.

Sharp improvement at Thai Oil

BY BOONSONG K'THANA IN BANGKOK

THAI OIL Company, Thailand's largest private enterprise in terms of turnover, has reported a surge in net profit for the year ended September to 45m baht ($1.71m) from only 1m baht a year earlier. This was despite a 2.66 per cent decline in sales to 25.38bn baht.

Mr Kasame Chatikavanij, the ehairman, said the company's general performance in the year showed marked improvement.

Average throughput of crude into the Si Racha refinery dipped to 63,530 barrels per day from 66,260 a year earlier, following two long maintenance shutdowns of the plant in the year.

Profit before tax was 140m baht as compared with 7m baht.

The company, formerly known as Thai Oil Refinery Company, maintained gross refining margins at the previous year's level. It attributed this to flexibility and efficiency in procuring crude at lower prices.

Westpac 20% ahead for year

BY LACHLAN DRUMMOND IN SYDNEY

WESTPAC Banking Corporation, Australia's biggest hank, pushed up net profits by 20 per cent to A$367.65m (US$244.45m) in the year to September, hut fell A$20m short of market hopes after feeling a squeeze on lending margins in the final half.

The second-half contrihntion of A$182.23m was A$3.2m below the first half total indicating a slowing in growth during the closing six months to only 12 per cent from 29 per cent growth in the first half.

Mr Boh White, the bank's managing director, said the results reflecied the increased trading bank business in Australia, higher overseas earnings which were enhanced by translation into the weak Australian dollar, and strong growth in foreign exchange trading income. This was partly offset by higher costs and lower interest margins.

Mr White said it would be difficult for its hanking operation to do as well in the current year, particularly with 16 new foreign banks competing for funds.

Within the profit total, trading hank earnings grew 31 per cent to A$206m. The sluggish performance from its savings hank—up 6 per cent to A$44.3m —and from its AGC finance offshoot, also up 6 per cent to A$84.7m, restrained overall growth.

Trading bank loans and advances grew by 19 per cent and the overall balance sheet expanded hy almost 22 per cent to a provisional A$49.2bn at September 30.

The profit was after 46 per cent higher bad deht provisions of A$125m as actual bad debts written off fell from A$93.7m to A$81.5m.

Profits before tax were up by 22 per cent from A$539m to A$658m.

Interest income grew 29 per cent from A$4.12bn to A$5.33bn and interests costs by 36 per cent to A$3.66hn.

Net interest income was 15 per cent higher at A$1.55hn, giving an apparent 3.45 per cent yield on estimated average total assets compared with 3.59 per cent in the previous year.

Despite this deterioration, the net return on average assets was steady at 0.82 per cent, reflecting a reduction in non-financial operating costs.

Non-interest income grew to A$881m from A$786m.

The final dividend on capital expanded by a rights issue is lifted one cent to 14 cents, for a total of 27 cents against 26 cents, on earnings per share of 80.6 cents compared with 76.9 cents.

UK COMPANY NEWS

Bank of Ireland ahead to I£43m at halfway

BY HUGH CARNEGY IN DUBLIN

The Bank of Ireland has reported pre-tax profits of I£43m (£36m) in the six months ending September 30 1985, up from I£32.5m in the first half of 1984 mainly thanks to tougher cost control, improved revenue and a fall in bad debts.

Loan loss provisions were I£27.3m in the first half compared with I£51.9m in the six months to March 30 1985 and I£31.9m in the first half last year.

Mr Mark Hely Hutchinson, chief executive, said this represented a significant improvement but bad debts remained a major problem, reflecting general economic conditions. There was a high incidence of new bad debts and the personal and small business sector had overtaken agriculture as the main area of loan default.

The parent bank showed an increase in pre-tax profits from I£19.1m to I£35.8m in the first six months. In the second half of 1984-85 to March 30 it made I£8.9m. However, performance among bank subsidiaries deteriorated.

British Credit Trust pre-tax profits slumped from I£2.3m to I£1.6m in the first half. The fall is attributed to tighter margins arising from higher funding costs and increased overheads.

A significant development in the half year was the Supreme Court decision which enabled Bank of Ireland to complete the acquisition of more than 99 per cent of the investment shares of the Irish Civil Service Building Society. The Society will continue to trade as an independent Building Society with its own identity and branch network, but with a close working relationship with the Bank of Ireland.

On November 5, the group issued US$150m primary capital perpetual floating rate notes. The proceeds will be used to repay existing FRN's amounting to US$125m. Such instruments are acceptable to the Central Bank of Ireland in part satisfaction of its 5.2 per cent equity requirement.

Brown Shipley warns of less profits growth

Brown Shipley Holdings, merchant banker, confirms in its interim statement that it has agreed to buy Heseltine, Moss, the stockbroking firm, for £5m.

It says that both banking and insurance have developed satisfactorily in the first six months and are expected to continue to do so.

Several factors, however, including the effect of exchange rates on overseas business and delays in disposing of vacated premises in Haywards Heath and in the Minories in the City, seem likely to postpone the further profits growth expected in the current year, it says.

Prospects for resumed progress in 1986 are encouraging, it says. The interim dividend is maintained at 3.5p a £1 share.

Cambrian & General

Net asset value per Cambrian & General Securities share at September 30 was 124.06p against a fully diluted 125.11p at September 30 1984 and 116.7p at June 30 1985.

Revenue from investments for the year was £7.6m (£5.9m) and net revenue after taxation was £498,840 (£417,458). Final dividend for the year is 0.85p net per ordinary share making a total payment for the year of 1.1p net against 1p.

Cambrian policy is to invest in publicly quoted securities, principally in the US, which the investment manager believes to be undervalued. In pursuit of this the company's activities are directed primarily towards establishing strategic positions.

Brammer agrees to sell Neve to Siemens group

Brammer, the bearings distributor, has reached agreement to sell its subsidiary, Neve Electronic Holdings, to companies in the West German Siemens group which makes sound-mixing systems. Neve was acquired by Brammer in June this year as part of its £44m takeover of Energy Services and Electronics.

Siemens companies will subscribe £965,000 of additional share capital to take a 96.5 per cent interest in Neve. They will also repay £800,000 of inter-company accounts to ESE and take on £3.5m of bank borrowings.

ESE will have an option to sell its 3.5 per cent stake with a premium calculated on the turnover of Neve for the year ended September 30 1991.

When Brammer acquired ESE, the ESE board had already decided to sell Neve and had made initial moves to do so.

COMPANY NEWS IN BRIEF

TEMPLE INVESTMENT AND FINANCE has become a beneficial owner of 1m ordinary shares (4 per cent) in British Benzol, miner and manufacturer of coke and smokeless fuel.

This follows the disposal of 4.3m shares (19.2 per cent) in British Benzol by Brint Investments, in which Mr A. Ferguson, a non-executive director of British Benzol, has a beneficial interest. Temple is controlled by Mr Ferguson.

EQUIPU has acquired Computer Supplies (Holdings) and its three trading subsidiaries, Data Security Company (UK), Computer Supplies Company and Computer Supplies Bristol. Initial consideration consists of £600,000 in cash and a deferred payment not exceeding £2m, which will be satisfied by the issue of ordinary shares in Equipu.

BASS announces that its subsidiary Bass Hotels and Holidays has completed the purchase of Hotel Villa Magna, Madrid, from Nerga SA for £13.5m.

David Goodhart and Frank Kane look at the takeover bid for French Kier

Beazer tries for the big league

IT HAS been a meteoric rise for C. H. Beazer. From being a small Bath-based housebuilder, with a market capitalisation of £5m in 1979, it now boasts a capitalisation closed to £151m. And if its bid for French Kier were to succeed, it would take it to fourth or fifth position in the contracting/construction league table.

The management team — headed by chairman Brian Beazer — has been particularly hyper-active in the past year. It has: Snapped up builder William Leech for £25m after a rejection of its £48m bid for Bath and Portland; raised £20m in a rights issue; entered the US property market; seen its unusual tender off for 25 per cent of SGB undermined by BET's bid; acquired G. E. Wallis for £8.6m — and now bid for French Kier.

In 1979 pre-tax profits were £2.11m on a turnover of £16.6m — to June 1985 the figure was £15.8 on turnover of £190m. For this year — excluding the possible acquisition of French Kier — analysts are looking for profits of about £23m on turnover of £350m.

It is fast moving by any standards — and has been inspired by the shrewd market sense of 50 year old Mr Beazer. He is the seventh generation Beazer housebuilder and the company he took over from his father about five years ago reflected that. It was a quiet, well-run, unambitious Bath builder.

Mr Beazer introduced financial sophistication and far broader horizons. The takeover-led growth strategy he launched has had the conventional ingredients of snapping up sluggish companies and squeezing them hard.

He has not always had his way (as the table shows) but even when a bid has failed Beazer has usually walked away with a hefty profit.

With the French Kier bid, Beazer is moving into a different league. Kier has a smaller market capitalisation, at £121m, but its turnover is higher at £327m. With the inevitable question being raised — "has Beazer overreached itself this time?" — it was wise of Brian Beazer to refer to the proposed deal yesterday as a "merger."

Mr Brian Beazer, chairman

And a merger it would indeed be: between — in effect — a housebuilder (Beazer) and a building and civil engineering contractor (French Kier).

Beazer is actually divided into four divisions: property, contracting, products and investment. But housebuilding — which it expects to reach 5,000 completions this year — accounts for 70 per cent of profits.

Mr Beazer said yesterday that he had been thinking of linking up with a major contractor for some time and had actually been looking at French Kier since the beginning of the year.

"There are basically two grounds for supporting the bid — the industrial logic and the price," he said. "Its logical to cover the span of the building and contracting industries — and with our expertise in housing and theirs in contracting it would be a powerful merger."

Mr Beazer argued that the logic was exactly the same as that celebrated by the French Kier management in its contested bid for Abbey, the Dublin-based house builder. Mr Beazer incidentally, he takes an agnostic position on the outcome of the Abbey battle.

Unlike many of its previous bid targets, Beazer views French Kier as basically well run. There might, perhaps, be some room for improvement on the small house building side, but otherwise the management structure would remain intact if it was successful.

"The strength of the combination is that UK house building is basically low risk and international contracting is high risk," said Mr Beazer.

And does the Beazer management already have too much on its plate? "Not at all — the last major acquisition was Leech and that has now been integrated. And in any case French Kier would continue to run very much as it is."

The next few weeks and months are, however, likely to be busy for the Beazer management — French Kier can be expected to put up a strong fight.

Kier's rejection of the bid came late last night, and stressed the differing nature of the two groups. It said that Beazer is "principally a housebuilding company with virtually no contracting or international expertise, and will be unable to contribute in any manner to French Kier's future development." It added that the terms "significantly undervalue French Kier's profitability and long-term potential."

Mr Colin Frettesome, Kier's chief executive, denied that there were major complementary aspects to the two companies which would make for a commercial justification for the offer. "We are not even competitors," he said.

Although both are grouped within the construction category, Kier's activities are considerably more extensive. In the UK, it has civil engineering, building, property development and other construction related activities, but it is overseas that the real difference lies. Kier is a major international contractor, with operations in the Middle East, Africa, and in the US, in the field of property development.

The Beazer intervention is a further hiccup in Kier's offer for Abbey, which has run into a series of obstacles since it was first announced last month. The Gallagher family, which controls the Dublin-based builder, split in their response to the offer, with the vote of Mr Patrick Gallagher and his son Seamus, amounting to some 36 per cent, going for the Kier terms, and the largest single holding — the 29.9 per cent of chairman Charles Gallagher, going against.

See Lex

RECENT BEAZER DEALS

December 1982 — R. Green Properties £11.8m offer increased to £13.7m rejected.

March 1983 — Second City Properties, West Midlands property developer bought for £18.1m.

November 1983 — Monsell Youell, housebuilder bought for £8m.

March 1984 — W. and J. Tod wholly owned subsidiary floated on USM.

May 1984 — Sells building materials division to Tarmac for £28.6m.

June 1984 — Acquires Braham Millar Group (now separately quoted as BM Group) for about £5m.

June 1984 — First bid for William Leech, housebuilder, worth £18.5m rejected.

October 1984 — Agreed £33m bid for M. P. Kent, Bristol-based property developer.

November 1984 — Bath and Portland rejects £48m bid.

January 1985 — William Leech accepts improved £25m bid.

May 1985 — Rights issue raises £20.28m.

August 1985 — Entered US property market through purchase of Cobb Communities Atlanta, housebuilder for $3.25m.

October 1985 — Tender offer for 25 per cent of SGB undermined by BET bid. Still owns 4.9 per cent of SGB.

November 1985 — Makes recommended £8.6m bid for G. E. Wallis, housebuilder.

Yesterday — Buys 26 per cent of French Kier for £28.7m and bids for balance.

TERMS OF THE BEAZER OFFER

At last night's closing price for Beazer of 488p, down 14p on the day, the offer values French Kier at nearly £115m, or 233p per share. French Kier closed well ahead of this at 245p, up 21p on the day.

The terms of the offer are two new ordinary Beazer shares of 10p each plus 655p in cash, for every seven French Kier ordinary shares. There is a cash alternative of 225p per share.

Full acceptance of the offer would involve the issue of 10.54m new Beazer shares, representing around 22 per cent of the enlarged share capital. The cash element of the offer would involve the payment of £34.5m, be provided from Beazer's existing cash resources and borrowing facilities.

Beazer acquired the Trafalgar holding in French Kier for £28.7m — 225p for each of the 12.73m shares. This will be satisfied by the issue of 6.23m new ordinary Beazer shares, representing around 16.7 per cent of Beazer's increased share capital. These shares have been conditionally placed with institutional and other investors by County Bank, advising Beazer, in conjunction with L. Messell, its broker.

If French Kier's offer for Abbey is successful, the number of extra Beazer shares issued would be 1.34m, an increase of 2.7 per cent, making the company's total issued share capital 49.16m shares.

UK COMPANY NEWS

Plessey 13% lower at £70m

FOLLOWING A sharp fall in telecommunications profits, Plessey Company reported pre-tax figures 13 per cent lower at £70.24m for the half year to September 27 1985 against £80.67m last time. Second quarter results were down from £38.71m to £31.01m.

Overseas profits showed a decline of some £7m to £12.4m in the half year, of which £4.4m was due to currency translation differences, and there was a £6.4m reduction in net interest receivable in the UK.

Group turnover increased by 6 per cent to £656.7m (£619.23m), while the order book at the end of September was at a reduced £1.5bn, against £1.57bn a year earlier.

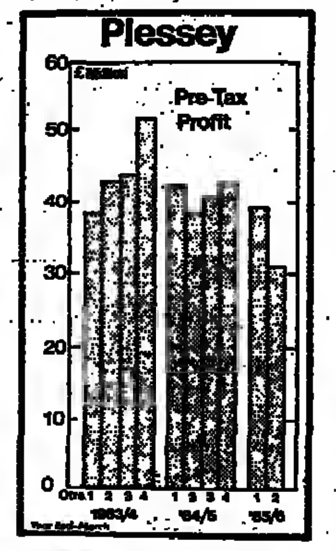
Sir John Clark, the chairman, said yesterday that the results were broadly in line with his earlier indications, but he had not expected the strengthening of sterling.

Three-quarters of the group's business was performing well, Sir John said. He added that "the area where we have to see improvement is telecommunications—profits down 24 per cent to £23.8m—and there the crucial factor is System X."

He expected an improvement in the second half, but this would not be evident until the final quarter.

Mr Frank Chorley, head of the group's telecommunications side, said the result reflected the switch over from TXE4 to System X.

Sir John Clark, chairman of Plessey



System X sales in the first six months totalled £69m (£22m). Mr Chorley expected deliveries to rise in the fourth quarter, although much would be supplied from inventory.

In addition to the exchanges already delivered and accepted by British Telecom, there were another 541 currently on order from Plessey.

The group said that the most significant factors affecting its profit performance over the rest of the year depended on international currency movements and System X deliveries. But both BT and Plessey were confident that most of the System X technical problems, particularly those associated with software, had now been resolved.

Plessey added that the speed with which it was able to turn these solutions into volume production would significantly affect the date of the upturn in performance.

Group operating profits fell from £68.18m to £65.71m, due to the reduction in overseas earnings which more than offset progress made by UK businesses where profits improved to £54.9m (£51.7m).

Share of related companies' profits dropped from £2.42m to £1.15m. Group investment income, less interest payable, fell by £6.7m to £3.4m, reflecting the continued spending on the System X programme.

Tax charge was £30.2m (£31.84m), and after minorities, attributable profits fell from £48.84m to £40.17m, giving stated earnings per 25p share of 5.45p, against 6.63p.

A divisional breakdown of operating profits shows (in 000's): telecommunications £23,803 (£31,345); electronic systems and equipment £18,752 (£15,620); aerospace and engineering £10,896 (£10,030); microelectronics and components £7,154 (£7,646); computer peripherals £326 (£136 loss) and group services £4,781 (£3,676).

Stromberg Carlson results were slightly ahead of target, with losses reduced to £6.2m, compared with £7.4m last time but which included a £3m profit on the sale of a printed circuit board plant in the US. The improvement arose from increased sales of £38.4m (£35.6m) and cost cutting and the company was expected to break even by the fourth quarter.

Net cash balances fell from £112.3m at the end of March to £79m six months later. Mr Peter Marshall, group finance director, said the cash outflow was expected to continue in the third quarter and that cash balances should reach around £110m by March next year.

See Lex

Mitchell Somers jumps 66%

A 66 per cent jump in pre-tax profits, from £559,000 to £927,000 was achieved by Mitchell Somers, the West Midlands-based engineer and forgemaster, in the six months to September 28 1985.

Mr L. J. Thomas, the chairman, has repeated the statement he made in the last annual report, that the company's prospects are brighter than they have been for some years. The directors are lifting the interim dividend to 1.75p (1.5p). A total of 3.25p was paid in 1984-85 when profits reached £1.56m.

The profits increase this time was made despite a lower turnover of £13.9m (£14.71m), but trading profits came out ahead at £903,000 (£687,000).

The pre-tax result was struck after interest received of £24,000 (£128,000 payable). Net profits after tax of £370,000 (£250,000) emerged £248,000 ahead at £557,000 for earnings per 10p share up from 2p to 3.5p.

Tifa lifts stake in C. H. Bailey

Tifa AG have increased their stake in C. H. Bailey, the Cardiff-based ship repairer, to 11.37 per cent of the voting rights. The holding comprises 7.1m ordinary shares and 560,000 of the B ordinary shares, which have much higher voting rights.

LCP expands to £4.5m and sees continuing progress

LCP Holdings, which is engaged principally in speciality retailing of automotive parts in the US and investment property in the UK, has lifted pre-tax *profits for the half-year* ended September 30 1985 to £4.48m from £3.82m last time.

Mr David Rhead, chairman, says the financial profile of the group has fundamentally improved following the disposal of the vehicle distribution business and a rights issue. He expects continuing progress for the full year.

Whitlock, the US automotive parts retailer, has taken a further 271,000 sq ft through new store openings and acquisitions in the 12 months ended September 30, bringing its total in the Mid-West and north-east to over 1m sq ft.

Mr Rhead points out that such an expansion rate diminishes profitability in the short-term but he is looking for a strong advance from Whitlock in the future. Its trading profit for the first half was a little behind at £3.53m (£3.59m).

In France, trading profits advanced from £119,000 to £235,000, because of a bigger market share and the disposal of the loss-making garden equipment operation.

Mr Rhead reports a distinct improvement in investment property with trading profits up from £1.68m to £1.83m. Meanwhile, construction is enjoying more work, he says which should ensure future profitability. In *the half-year, it made* £23,000 (£16,000).

Allowing for the exceptional profits in the first-half of 1984, distribution in solid fuels, building supplies and stainless steel all enhanced profitability, he says. In the six months they produced £553,000 (£643,000).

Turnover on continuing activities rose from £80.74m to £87.12m, including £45.62m (£46.98m) in the UK on which the trading profit was £6.17m (£6.05m). For the comparable period there was also turnover of £75.16m and trading profit of £1.07m on discontinued operations.

Interest charges fell from *£3.3m to £1.7m, reflecting much* lower borrowings for the first time since Whitlock was acquired in 1979.

Tax took £1.8m (£1.75m), leaving net profits of £2.67m (£2.07m), equal to earnings of 3.3p (3p) per share.

The interim dividend is held at 1.8p net on capital increased by a rights issue in January. Total dividend for 1984-85 was 4.2p from profits before tax of £7.46m.

At September 30, shareholders' funds had risen from £48.24m to £54.25m.

● comment

With such a large chunk of its earnings in dollars, LCP's interim figures were never destined to be brilliant but a small decline in Whitlock's contribution was certainly not what the market had been looking for. The reason for the sluggish showing is that a spurt of new openings, a net increase of 19 in the half year adding about a third to selling area, caused a sharp increase in costs—it is year three before a Whitlock store really starts to make money. So the long term view of LCP has not changed by much but shareholders will have to lower their sights for 1985-86. Pre-tax profits will probably come out around £9m to £9½m. *In the summer the market had* been talking of £10½m for this year. The shares slipped 6p to 115p to where a prospective p/e of 16.4 is still not exactly on the cheap side.

Bank of Scotland

BANK OF SCOTLAND—Kuwait Investment Office has reduced its holding to 9,477,500 stock units (7.65 per cent). The holding is registered in the name of NBK (London) Nominees.

Managers still bidding for Mecca and Warner

By Martin Dickson

THE management team trying to buy out Grand Metropolitan's Mecca Leisure and Warner Holidays operations intends to keep fighting for a deal, despite the emergence this week of Rank Organisation as favourite to take over the businesses.

Rank is understood to have offered up to £100m for Mecca and Warner. Samuel Montagu, the merchant bank advising the management team, said yesterday that finance was in place for its rival offer, which it believed was just 5-10 per cent lower than Rank's.

It said the management's offer had the advantage of not facing a Monopolies Commission inquiry, whereas a Rank deal might be referred

Mecca Leisure's operations include 100 bingo and social clubs across the country, ice rinks, bowling alleys, snooker halls, squash and health clubs and one of Britain's biggest chains of discotheques. It also runs a catering service. Warners has 11 UK holiday camps and also runs short-break foreign holidays.

Rank's leisure interests include Butlins, the holiday camp business, hotels, tour operations and bingo clubs. Any problems with the Office of Fair Trading on competition grounds would concern the bingo halls. It is estimated that a merger of the two groups could give them nearly 40 per cent of the London market.

Senior executives at Mecca and Warner are believed to be threatening not to work for Rank, should it win the fight, and the resulting redundancy bill could push up the cost of the acquisition.

Ironically, Rank sold some of the businesses involved in the deal to GrandMet only recently: it acquired a number of nightclubs in August 1983 and a Butlins site on Hayling Island, Hampshire, earlier this year.

Yesterday GrandMet would only say that it was still in discussions with the management and others over the sale, but no agreement had yet been finalised

GrandMet's shares closed last night at 378p, up 8p on the day and a high for the year, as the market responded to reports of Rank's offer.

GrandMet announced last month that it was in talks with the management over a buy-out, but stressed at the time that it was open to outside offers. Mecca and Warner have a combined turnover of £120m a year and their trading profits are believed to be around £7m.

Royal Insurance results better than expected

A THIRD quarter pre-tax profit of £34.4m, against £9.4m last year, from Royal Insurance Group, was heralded as firm evidence that Britain's largest composite insurance group was now on a strong recovery tack.

This buoyant profit result, far better than was expected by the market, more than overcame the poor start to the year, resulting in pre-tax profits at the nine month stage of £16.6m being more than double the £7.5m for the corresponding period last year.

Mr Alan Horsford, Royal's chief executive, in announcing the results referred to a number of encouraging pointers for the groups return to full profitability.

● The US producing a modest pre-tax profit in the third quarter despite paying out US$ 20m on weather losses in the period, of which US$14m arose from the hurricanes Elena and Gloria.

● Worldwide investment income up by 11 per cent in real terms.

● Worldwide premium income up by more than 20 per cent in real terms, excluding currency fluctuations—this growth coming from higher prices on existing business with no overall volume growth worldwide.

In sterling terms general insurance premium income in the nine months climbed by more than a quarter from £1.65m to £2.07m. Underwriting losses in the nine months rose 11 per cent from £250.8m to £278.8m, but this was almost covered by the higher investment income of £270.3m. Higher life profits from £15m to £18.1m enabled the group to record its pre-tax profit.

After a tax charge of £4.1m, against £16.6m last year the net loss in the nine months last year of £8.6m swung to a net profit this year of £12.3m.

The success story for Royal is in its US operations. Mr Horsfall reported that price increases on commercial business averaged 62 per cent in the third quarter coming after a 56 per cent rise in the second quarter.

He was even more optimistic over the renewals in October which showed a 66 per cent increase.

The recovery in the US pricing started a year ago with a 30 per cent rise in October 1984. So over the two years prices have risen 116 per cent—increases that were needed to get the US out of its worst ever down cycle.

Total premium income in the US rose by 26.3 per cent in dollar terms, accounted for by a 36 per cent rise in premiums on commercial business. The US now accounts for 45 per cent of Royal's worldwide premium income.

The operating ratio in the third quarter at 109.5 per cent was the lowest figure for many quarters. The overall nine month ratio was 116.7 per cent against 123.9 per cent last year.

However, Mr Horsford pointed out that there were some disappointments in the third quarter results—the main one being the UK. Although premium income rose by 16 per cent to £520m over the nine months and investment income by 14 per cent, the third quarter pre-tax profit was only £8.9m against £14.4m for the third quarter last year and £21.7m at the nine-month stage against £23.2m last year.

The main problem in the UK is the motor account—a problem for all the insurance groups—where rising numbers of claims and higher average costs per claim have resulted in an underwriting loss over the nine months of £7.6m compared with a loss of £1.6m

Royal is making a further increase in its UK motor insurance rates in the New Year ranging from 5 to 12½ per cen

This drop in the motor account more than offset an improvement in the property account where Royal in line with other insurers is due to put up its house building rates by 12½ per cent early next year.

The Mexican earthquake disaster cost Royal £2.6m—£1.6m on the UK foreign account and a further £1m on reinsurance.

See Lex

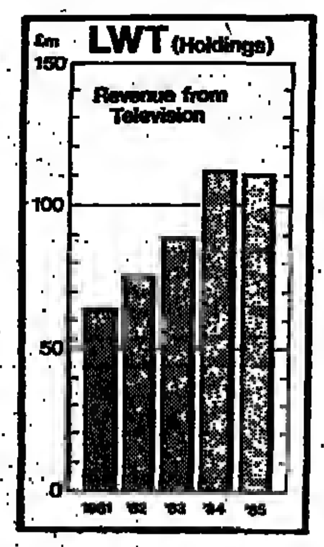
LWT advertising revenue static and profits dip

CREDITABLE results have been produced by LWT (Holdings) for the year ended July 28 1985 the directors say. They add that in a difficult period gross profit is only £342,000 down at £10.16m, albeit after a substantially reduced Exchequer Levy, but an exceptional debit has cut the pre-tax balance from £10.5m to £8.28m.

The group is the independent TV programme contractor for London at the weekends. TV advertising revenue was virtually static in the year, and profits on that side after the Levy fell by £1.1m. Other activities—printing and publishing, and travel—performed satisfactorily.

Looking at the curent year, Mr Christopher Bland, chairman, says advertising revenue is difficult to forecast. Impending cost increases are easier to asess but are largely outside board control—increases in Channel 4 subscription, IBA rental and NI contributions will this year increase costs by over £3m.

"If LWT is to prosper and grow in the late eighties and nineties it will do so only if able to produce programmes of quality—as it now can and does—at costs which are comparable to those of independent producers in world markets," Mr Bland states.



The levy took £201,000 (£4.9m) in the past year—reduced by £1.1m on adjustment for the previous year—and there was an exceptional debit of £1.88m. In 1981-82 LWT provided for the loan element of its Channel 4 subscription to November 1 as an exceptional item; this amounted to £10m before allowing for £6.7m levy relief estimated to be recoverable over four years commencing January 1 1984. It now appears unlikely that sufficient levy will be payable in respect of the next financial year, and the additional exceptional provision has been made.

After tax £4.16m (£5.37m), extraordinary charges £137,000 (nil) and minorities £190,000 (loss £7,000), net attributable profit came to £3.79m (£5.14m). Earnings are shown at 23.01p (30.73p) per share.

At July 28 the net asset value was shown at 239.5p per share, compared with 220p a year earlier.

● comment

These figures contain both a snub and a plea to the Chancellor. Exchequer levy paid is negligible thanks to a write-back of £1.1m from 1983-84s over enthusiastic deductions. This has kept profits before exceptionals marking time despite the pre-levy drop. But the exceptionals are a writing back in of part of the levy relief which LWT claimed on its Channel 4 initial subscription. It now fears it will not be able to claim this if the rules are changed. In effect the company is saying, please do not make the changes as it will cost us £1.9m. Back to television. Overseas programme sales were down but overall cost control was surprisingly good, rising by less than the rate of inflation. Page & Moy contributed some £650,000 (against a loss of £35,000 last time) — a welcome sign that TV company diversification can pay. In the coming year net advertising revenue is forecast to rise by 8 to 10 per cent, and towards the upper end of that range for LWT. Unless Thames strikes back with great effect, the analysts are confident of £10.5m pre-tax, which on a 43 per cent charge, has the shares at 275p, down 8p, on a middling prospective p/e of 8.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bank of Ireland ......int	6.51¶	Dec 16	5.5	—	17.5
Brown Shipley ......int	3.5	Jan 7	3.5	—	9.25
Burtonwood Brew ...int	2.5	—	2.5	—	10
Electra Inv ....int	1.8	Jan 30	1.7	—	3.7
John Foster ....int	1	Jan 10	0.5	—	3
M. J. Gleeson	3.87	—	3.52	5.37	4.95
G. R. (Holdings)	5.4	Jan 16	5.4	7	7
Henderson Admin ...int	6	Jan 7	4	—	16
LCP ....int	1.8†	Jan 7	1.8	—	4.2
LWT	9.23	Jan 2	9.23	14.4	14.4
Mitchell Somers ......int	1.75	Jan 18	1.5	—	3.25
Robert Moss ....int	1	Jan 15	0.9	—	3
New Court Trust	10.13	—	10.13	14.25	14.25
G. Ruddle‡ ....int	1.4	Jan 9	1.25	—	4
Scantronic Hldgs‡ ...int	0.5	Jan 7	0.47*	—	2.31*
Staveley ....int	5.5	Jan 7	4.5	—	15.5
Staveley Ind ....int	5.5	Jan 7	4.5	—	15.5
Thorpac‡ ....int	1	Dec 20	1	—	2

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ Irish currency throughout.

LADBROKE INDEX
1,077-1,081 (−7)
Based on FT Index
Tel: 01-427 4411

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	131	—	6.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS...	135	—	10.0	7.4	—	—
77	43	Airsprung Group	59	−1	6.4	10.8	9.8	12.8
48	26	Armitage and Rhodes...	45	—	4.3	9.5	5.6	6.7
165	108	Bardon Hill	165	—	4.0	2.4	20.9	21.7
64	42	Bray Technologies	51	—	3.9	7.6	8.2	7.2
201	145	CCL Ordinary	145	—	12.0	6.3	3.6	3.4
152	103	CCL 11pc Conv. Pf. ...	103	—	15.7	16.2	—	—
130	10	Carborundum Ord.	124xd	−1	4.9	4.0	6.1	9.6
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	48	Deborah Services	56	−1	7.0	12.5	5.8	7.7
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	75	—	—	—	3.1	5.6
60	20	Ind. Precision Castings	44xd	−1	3.0	6.8	11.6	9.7
218	177	Isis Group	185	—	15.0	6.1	14.2	21.8
124	101	Jackson Group	108xd	—	6.5	5.0	7.3	7.3
285	213	James Burrough	285	—	15.0	8.3	9.0	9.0
95	83	James Burrough 9pcPf.	95	—	12.9	13.8	—	—
96	71	John Howard and Co...	75xd	—	5.0	6.8	8.0	9.4
225	100	Linguaphone Ord.	180s	—	—	—	6.5	6.8
100	90	Linguaphone 10.5pc Pf.	90s	—	16.0	16.7	—	—
650	300	Mielhouse Holding NV	570s	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	75	—	—	—	9.7	21.4
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle ...	68	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	330	—	4.3	1.3	18.8	16.4
38	17	Unilock Holdings	36	—	2.7	6.8	9.6	8.6
122	81	Walter Alexander	122	—	6.6	7.0	6.9	8.4
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	6.8

s=Suspended.

UK COMPANY NEWS

Robert Moss advances to £1.1m

Robert Moss, maker and distributor of plastic injection mouldings, raised pre-tax profits by 24 per cent from £922,000 to £1.14m for the six months to September 30 1985. Turnover was 17 per cent higher at £8.3m against £7.12m.

Earlier this year, the company made an unsuccessful bid for fellow plastics concern, Cole Grono. However, the board points out that taxed profit on the sele of the originol 8.1 per cent stake covered the cost of making the bid—worth £5.7m.

The board reports that the second half has started well and the outcome for the year is expected to be satisfactory—last year pre-tax profits rose 38 per cent to £2.2m.

As o consequence of the phased reduction of capital allowances, the effective tax rate for this year will be considerably higher than last year.

Tax for the half year took £399,000 (£322,000) and stated eornings per 10o share came out ohead from 3.8p to 3.8p. The net interim dividend is stepped up from 0.9p to 1p—last year's final was 2.1p.

The company has formed a wholly owned subsidiary, Mold-Saver in Florida, US, in order to creale a toolmaking and moulding facillty based on the special technology used at the Kidlington and Banbury offshoots.

Investment in the operation is expected to be gradnol, rising to between £400,000 and £500,000 over 12 months.

Thorpac rises to £86,000

Thorpac Group, the deep freeze packaging and microwave cookware concern, lifted pre-tax profits from £34,000 to £86,000 for the six months to September 30 1985, on turnover of £2.18m, against £1.79m.

Most of the sales increase has been seen in the microwave cookware and accessories business. The investment made in microweve cookware is beginning to show returns and the board is confident that this trend will continue.

Stated earnings per 5p share of this USM company increased to 2.4p (1p) and the interim dividend is maintained at 1p net—last year's total was 2p.

Better half year gives John Foster confidence

FOLLOWING a turnround in first-half figures John Foster and Son is expecting the results for the full year ending February 1986 to show a considerable upturn on the previous year.

The group, spinner and cloth maker, has turned round from a loss of £21,000 to a profit of £52,000 for the half year ended August 30 1985. Margins showed a satisfactory increase but there was a substantial rise in interest charges.

The major proportion of group turnover and profit traditionally arises in the second half. The directors are doubling the interim dividend to 1p net to reduce disparity with the final —2.5p last time.

Turnover in the six months odvanced from £7.7m to £10.34m and the operating profit rose from £172,000 to £487,000. Resulting from the purchase of Pepper Lee in October 1984 and an increase in working capital, interest was up from £183,000 to £435,000.

Tax charge is £37,000 (£19,000) to leave a net profit of £15,000 (loss £40,000) equal to 0.2p per share (loss 0.5p).

For the whole of 1984-85 the group made further progress in its recovery with o pre-tax profit of £1.1m (£602,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Acsia Jewellary, Amalgamated Financial Investment, Delyn Packaging, Hartwells, Personal Assets Trust, S & U Stores, R. Smallshaw (Knitwear).

Finals: Barton Transport, Bellway, Black Arrow, CPU Computers, Clyde Blowers, Somic, Spectrum.

FUTURE DATES

Interims—

British Telecommunications	Dec 12
Chamberlain Phipps	Nov 25
Distillers	Nov 20
Hanover Investments	Nov 16
Murray Technology Invests.	Nov 21
Premier Consold. Oilfields	Nov 27
Southwest Resources	Nov 25

Finals—

MMT Computing	Nov 20

● comment

Conceivably John Foster could make record profits of £1.6m this year although if the previous peak of £1.2m in 1974 was adjusted for inflation the latest effort might be seen to be still scrambling up the foothills. But after the years of decline which turned into two years in the red by the early 1980s Foster appears to be making a strong recovery. Three recent acquisitions have strengthened its position in mohair and widened its prodnet base into cheaper menswear cloth. Unfortunately the newer lines ere just as seasonal as mohair so first half operating profits continue to do litUe else but pay the bank as Foster builds stocks. Getting borrowings down is e priority and the target is £2½m by the year end compared to £3.7m last March. If all goes to plan debt could be eliminated within two to three years ond perhaps then Foster will feel confident enough to tackle new areas by acquisition. Meantime the share price could suffer from e lack of interest — the market is thin indeed and even a low p/e of 6.7 at 80p, assuming 35 per cent tax, is not going to stimulote much activity.

Acorn's accounts qualified over £2.6m Vat query

Acorn Computer Group, which has been rescued twice this year, has bad its annual report and accounts qualified by its auditors, Deloitte Haskins & Sells.

The qualification, which was widely expected, centres around o dispute with HM Customs and Excise in respect of the possible under payment by a subsidiary of £2.6m of value added tax.

An investigation is under way and early indications suggest that there may be a significant reduction in the amount assessed. However, the auditors say that "until the conclusion of the investigation, it is not possible to establish the amount of liability, if any, due under such assessments.

"In view of this uncertainty, no provision bas been made in these financial statements for any such liability."

The likelihood of the qualification first became apparent early last month when Acorn announced worse than expected losses for the 1984-85 year with heavy write-offs takan both above and below the line.

After all charges the loss amounted to £26.66m, which compares with a £5.92m profit in 1983-84, and turned a surplus of £9.74m on profit and loss reserves into o £16.92m deficit. Shareholders' funds fell from £17.16m to £3.07m.

Acorn, which makes the BBC Micro computer, was rescued earlier in the year by its creditors and Olivetti, the Italian office products group, which now owns 80 per cent of the shares.

Mr Alessandro Uboldi de Capel, chairman of Acorn, says in his annual statement that the company has come through a "very difficult period" and the board is confident that it "will be able to bring to market new and profitable products."

Acorn's shares, a one-time high flier on the USM, gained 15p yesterday to 46p which compares with a 1985 high of 690p

Burtonwood margins under pressure

Burtonwood Brewery reports a 20 per cent increase in turnover to £15.38m against £12.83m, as against a slight fall, from £1.41m to £1.39m in profita before tax for the 26 weeks ended September 28 1985.

Tax takes £555,000 (£633,000). The interim dividend is maintained at 2.5p per share and the final will be recommended "in the light of the full year's financial results."

The company states that the increase in turnover bas been achieved despite the poor summer and that the profit before tax is after the charges for financing the continuation of the capital programme, reflecting the directors confidence in the second half of the current year and the company's long-term policies.

G. Ruddle raises profits by 6% halfway to £0.5m

G. Ruddle, the Rutland-based real ale brewer, increased pre-tax profits by 6 per cent to £501,000 in the six months to September 29 against £472,000 last time.

Turnover rose marginally from £5.25m to £5.42m.

The directors say that, although the television advertising campaign, announced in September, is under way it is too early to judge its success.

However, it has created a great deal of interest in the trade, they say, and the company has gained a number of important stocklists and achieved excellent distribution for its County brand in the Anglia area.

The pre-tax profit was achieved, they say, in spite of a charge to the revenue acconnt of about £68,000 for the initial advertising campaign and a further £10,000 for redundancy costs.

The interim dividend is increased 0.15p to 1.4p a 10p share. Earnings a share were down from 7.81p to 6.16p. The shares are traded on the USM.

Operating profits of £479,000 (£450,000) were struck after distribution and selling costs of £569,000 (£606,000) and administrative expedses of £229,000 (£223,000). In addition there was £3,000 (£3,000) operating income.

Interest receivable was £26,000 (£23,000) and payeble £4,000 (£2,000).

BANK RETURN

BANKING DEPARTMENT

	Wednesday November 13 1985		Increase (+) or decrease (—) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	2,036,417,273	—	148,790,377
Bankers Deposits	797,302,836	—	38,484,302
Reserve and other Accounts	1,534,114,993	+	24,043,272
	4,382,442,102	—	161,231,407
ASSETS			
Government Securities	580,487,771	—	215,000
Advance & other Accounts	064,287,047	+	3,324,500
Premises Equipment & other Secs.	3,230,544,221	—	162,788,335
Notes	6,689,139	—	1,535,841
Coin	433,924	—	16,829
	4,382,442,102	—	51 231,407

ISSUE DEPARTMENT

LIABILITIES	£		£
Notes in circulation	12,003,310,861	—	8,464,159
Notes in Banking Department	6,686,139	—	1 035,841
	12,010,000,000	—	10,000,000
ASSETS			
Government Debt.	11,015,100		—
Other Government Securities	1,907,167,536	—	01,548,336
Other Securities	10,041,787,261	+	51,548,332
	12,010,000,000	—	10,000,000

UK COMPANY NEWS

Staveley expands 38% to over £3m midterm

Staveley Industries, which has interests ranging from electrical and mechanical services to vacuum salt, lifted pre-tax profits by 38 per cent to £3.27m in the half year to September 28 against £2.36m last time.

Mr W. K. Roberts, chairman, who describes it as a creditable result, says the rise includes 21 per cent derived from lower pension contributions.

He says that, although sales were down 6 per cent at £80.8m compared with £86m, the reduction is more than accounted for by the effect of disposals and the lower value in sterling of overseas sales.

In addition, net interest costs were down more than half, from £1.28m to £607,000, reflecting the benefit from improved cash flow, lower interest rates and the decline in the value of the dollar.

Earnings a share were up 45 per cent from 10.5p to 15.2p and the interim dividend is raised 1p a £1 share to 5.5p.

The UK manufacturing division, British Salt and the NDT technology companies in North America all increased sales and trading profits, says Mr Roberts. But electrical and mechanical services had a disappointing first half. However, a big improvement is expected in the second-half.

On the Continent, NDT companies were disappointing, be says, and housewares satisfactory.

Staveley's associate, Netional Controls of California (including Electroscale) is bedding down well, he says, and trading profitably at halfway.

He says the way ahead for the group is not without difficulties. But full-year profits are expected to be ahead of last year's £8.27m.

Tax took £785,000 against £650,000 but there were no extraordinary items (£216,000 debit), giving attributable profits of £2.49m (£1.5m).

● comment

Only lower interest payments enabled Staveley Industries to come out firmly ahead at the halfway mark. A third of the £670,000 fall in the charge was due to the lower cost of servicing dollar denominated debts with sterling income. Net debt should also be lower after disposals even though by the year end gearing may not have dropped. The skew in favour of the second half is likely to be sharper than usual in 1985-86 as Electrical and Mechanical Services experienced the lowest level of completions (and hence profit taking) for years. In these figures there is also a £200,000 gain (in terms of lower costs) thanks to declining pension fund contributions. The company is much exercised by the slowness of the Monopolies Commission inquiry into the white salt market—in which 1.2m tonnes a year of sales are divided equally between Staveley and ICI. This now looks like a 30 month slog as opposed to the 15 month jog originally planned and will cost Staveley some £300,000. Forecasts are still for £10.5m for the year. This puts the shares et 372p and with a 21 per cent tax charge on a prospective multiple of 7.5, which is modest given the improved yield.

W. Yorks Hospital for USM

BY RICHARD TOMKINS

West Yorkshire Independent Hospital, a company operating a private hospital called The Yorkshire Clinic in Bingley, West Yorkshire, is coming to the Unlisted Securities Market with a placing of 666,476 ordinary shares at 90p a share. The flotation will give the company a market capitalisation of £3.8m at the placing price.

West Yorkshire was formed in 1979 by a group of medical consultants to own and operate The Yorkshire Clinic. The company was financed in 1980 by a share issue which raised £1.73m and with loan and leasing facilities of £1.3m.

The hospital's catchment area bas e population of 500,000 and comprises the Bradford and Airedale district health authorities. There are 49 beds for in-patients and the hospital also provides an out-patient service, a sports injury clinic, health screening and contract pathology.

The company is being brought to the market by Granville & Co, the London issuing house and corporate finance specialist. It is Granville's first USM issue.

Brokers to the placing are Rensburg & Co.

The main reason for the placing, which will raise about £600,000, is to increase the marketability of the shares and enable the private investors which supported the company's development to realise their investment. However, no shares are being disposed of in connection with the issue.

Other reasons are to give the company access to further capital to support its development and to facilitate a capital reorganisation whereby Community Hospitals, a substantial holder of the preference shares in West Yorkshire, can convert its bolding into ordinary shares. Community Hospitals, which is a hospital development and management company, will hold 45.5 per cent of the enlarged share capital.

West Yorkshire made pre-tax profits of £448,000 in the year to June against £233,000 the year before on turnover of £2.35m against £2.13m. It is forecasting profits of £520,000 for the current year, putting the shares on e prospective p/e ratio of 12.2 after a 40 per cent tax charge.

The company says it is aiming for further growth through increasing the occupation rate of 75 per cent, adding further beds in response to demand, and extending out-patient services.

Gleeson advances by 14.3%

AN INCREASE at the trading level has enabled the M. J. Gleeson Group of civil engineers and property devlopers to raise its pre-tax profit by 14.3 per cent from £4.4m to £5.03m in the year ended June 30 1985.

Shareholders receive an increase in their dividend from 4.95p to 5.37p net, the final being 3.87p.

The directors say that having regard to the likelihood of e continuing dearth of civil engineering and other public works contracts, it seems the group's profit prospects will depend increasingly upon the private sector activities, particularly residential estate devlopment and the planned extension of the property investment programme.

Turnover in the half year fell from £70m to £61m but the trading profit rose fro m£1.79m to £2.73m. It is likely, the directors say, that turnover for the current year will remain et this lower level, with trading results continuing to benefit from account settlements and reduced overheads emanating from the recently implemented reorganisation of the management structure.

Rents and interest received came to £2.3m, against £2.6m. Rents were £1.03m (£957,000) but interest received was lower, reflecting reduced rates of interest and the increased commitment of funds to residential, commercial and industrial developments.

After tax £2.07m (£1.86m) net earnings are shown to be ahead from 25.43p to 29.82p. Previously, there were extraordinary debits of £383,000.

A further surplus of £657,000 arising on revaluation of certain properties has been edded to reserves, pending a professional valuation of the entire portfolio of investment properties at the end of next June.

Encouraging interim from Scantronic

Scantronic, the USM manufacturer of electronic data communication equipment and systems, looks all set for another record in 1985-86.

Turnover is up from £1.16m to £1.85m and profits before tax from £303,000 to £356,000 in the six months to September 30 last. The profit was struck after operating costs of £1.53m (£889,000) and crediting interest receivable of £42,000 (£32,000).

Tax takes £142,000 (£125,000) leaving earnings per share of 2.04p (1.7p, adjusted). The interim dividend is raised from the equivalent 0.47p per share to 0.5p per share.

The improvement in group turnover in the first six months was helped by the addition of Homelink Telecom's sales which contributed 14 per cent of group turnover and is expected to make a greater contribution in the second six months.

Moss Advertising above forecast at £0.42m

Moss Advertising Group has more than doubled pre-tax profits in the year to end-August 1985, from £193,000 to £422,000. This exceeds the £410,000 forecast mede at the time of the group's flotation on the USM in July.

As stated in the placing prospectus there is no dividend. The company intends to pay its first dividend in respect of the half year to end-February 1986. For the half year to February 1985 the group made profits of £231,000.

Turnover for this advertising agency improved by 52 per cent from £4m to £6.08m, and Mr Steven Moss, the chairman, says that in the current year trading conditions have continued to be buoyant.

The group has gained a number of new accounts which more than compensates for the reduction in business from a major client, be says, and the board regards prospects for the current year as encouraging.

The year was one of significant development for the group. In February it acquired the outstanding minority interest in Marketing Concepts & Research, and its Leeds agency, in which it had a 25 per cent interest, became a wholly owned subsidiary.

The group sees its USM listing as an important step towards its development both by acquisition and internal growth into a major regional agency, providing a wide range of marketing services to its clients.

Rise at Henderson Administration in first six months

A 10.7 per cent rise in pre-tax profits from £4.67m to £5.17m in the six months to September 30 1985 is reported by the fund management and investment adviser company, **Henderson Administration Group**.

The interim dividend is lifted by 50 per cent from 4p to 6p.

The group's operating profit bad only a marginal rise compared with last year from £3.11m to £3.18m, while associated companies contributed a small £4,000 loss against an £826,000 profit last year.

This latter reflected the sale of the group's share in Henderson Baring for £6m—a move that helped boost the main contributor to the profit rise over the period—interest receivable and investment income.

This item representing interest on the company's cash deposits and dividends from units held in the manager's box, rose from £826,000 to £2.02m.

The group'e tax charge showed e comparatively small increase from £2.04m to £2.12m. This resulted in profit attributable to shareholders of £3.05m against £2.63m—a rise of 16 per cent—before an equalisation transfer, £3.02m against £2.56m after the transfer.

Funds under management increased by £265m over the period to £2.81bn, most of the increase coming from the expansion in pension fund operations which rose by £228m to £1.1bn, excluding the £259m beld in exempt units trusts.

Mr John Henderson, chairman of the group, attributed the rise in pension fund money under management both to the excellent investment record of the managers and the growing demand for the services of the specialist investment manager. He saw the continuing internationalisation of the market place as providing many marketing opportunities in the coming years.

● comment

The six month period to September 1985 was a comparatively dull one for stock markets worldwide. This accounts for the rather pedestrian profit performance from Henderson Administration which would have been even duller but for interest earned following the sale of its share in Henderson Baring. Growth in unit trust sales in the UK has slowed down due to increasing competition in this sector with more and more life companies entering the direct unit trust field. However, the strong stock market rise since September augurs well for profits in the second half, and the group's growing involvement in pension fund investment will provide stability to its earnings. In the longer term the expansion of fund management services to pension schemes in the US due to start in the New Year offers potential profits growth for Henderson. The shares shed 70p to 940p on the results for a p/e of 13 on a forecast earnings per share for the year of 70p.

Property deals boost G.R. Holdings profits

ALMOST entirely as a result of completing favourable property transactions during the year ended June 30 1985, G. R. (Holdings) has increased its profit by 34 per cent, from £1.7m to £2.29m before tax.

The group's main activities are in the processing and merchanting of sheepskins and furs, the manufacture of sheepskin garments and footwear, and the operation of the Grayshott Hall bealth centre. Its turnover for the year edvanced from £28.79m to £28.3m.

The dividend is maintained at 7p net per share. The final is again 5.4p but is payable on reduced capital following the company buying in some 20 per cent of its shares in July. Cost of the final is £243,000 (£289,000).

Tax takes £888,000 (£573,000) and there are minority losses, leaving the ettributable profit et £1.41m (£1.16m). Earnings are shown at 30.1p (24.2p).

New Court Tst lifts asset value

NEW Court Trust had a net asset value of 481p per 50p share at end-August 1985, compared with 432p a year earlier and 477p et end-February.

The directors of this investment trust are proposing an unchanged 10.125p final dividend to maintain the total for the year at 14.25p. Stated net earnings per share are down from 15.08p to 14.43p.

Net revenue for the year to August, after a tax charge of £318,000 (£327,000), amounted to a lower £721,000 against £754,000. Turnover rose from £5.59m to £6.08m.

Expenses and interest took £288,000 (£227,000).

FT COMMERCIAL LAW REPORTS

Juke box suppliers protected pending action against brewery managers

CUTSWORTH AND OTHERS v MANSFIELD INNS LTD

Queen's Bench Division: Sir Neil Lawson, sitting as a deputy judge: October 28 1985

BREWERY MANAGERS may be restrained from insisting that tenants of tied houses must contract only with specified suppliers of amusement machines, pending trial of proceedings which raise serious questions as to whether such insistence would be a breach of EEC law.

Sir Neil Lawson so held when giving judgment for Kenneth Cutsworth, Tina Cutsworth and Brian Koan, partners in a firm trading as For Amusement Only (Hull) in their application for continuance of an injunction made by Sir Douglas Frank on October 1 1985 restraining Mansfield Inns Ltd, brewery managers, from interfering with their contracts for the supply of amusement machines to public houses.

Article 85 of the Treaty of the European Economic Community provides: "(1) The following shall be prohibited . . . all agreements between undertakings . . . which have as their object or effect the . . . restriction or distortion of competition within the Common Market . . . (3) The provisions of paragraph 1 may, however, be declared inapplicable . . ."

* * *

HIS LORDSHIP said that since 1968 the firm had supplied coin-operated equipment, including amusement machines and juke boxes, to public houses. Its operations were local to Humberside.

The general practice was that suppliers of machines were obliged to provide a back-up service of repairs and maintenance.

For many years a substantial part of the firm's turnover had been derived from some 57 licensed public houses owned by Northern County Breweries. Northern maintained a short-list of recommended suppliers, which included the firm.

Agreements between the firm and tenants or lessees of Northern houses were oral and could be terminated by two weeks' notice. Notice was rarely given. The firm's machines and back-up were highly satisfactory.

In August 1985 Mansfield Brewery acquired the entire issued share capital of Northern. Its managers thus became responsible for management of the Northern houses.

They decided to change the policy and to provide a new list of nominated suppliers of machines and services, as distinct from recommended suppliers, and to change the financial terms on which tenants held the premises.

They prepared standard forms which included the beer tie and which gave effect to the changes. Clause 13 stated that tenants had an obligation not to instal any amusement or gaming machine without written consent. An appendix read: "all tenants must operate equipment from . . . list of nominated suppliers."

It had long been the practice to impose a condition on tenants of tied houses that machines should not be installed without consent, but clause 13 and the appendix went further.

By a letter dated September 13 addressed to the firm, the managers confirmed that it was no longer nominated as a supplier and would be asked to remove all equipment.

The firm instituted proceedings and obtained from Sir Douglas Frank an injunction restraining the managers from (1) procuring or attempting to procure breach of contracts between the firm and tenants; (2) wrongfully interfering with the contractual arrangements; (3) interfering with the firm's equipment; and (4) any action which would limit the freedom of tenants to place orders with the firm.

The question on the present summons was whether the order should be continued until trial or further order.

The evidence did not disclose an arguable case that the managers had procured or attempted to procure breaches of the contracts. It seemed that it was up to the tenants to decide whether to terminate the agreements by two weeks' notice. The firm was therefore not entitled to the first part of the injunction.

Whether the managers could be enjoined in the terms of paragraphs 2 and 3 of the injunction depended on whether the firm had raised a serious question of breach by the managers of articles 85(1) or 86 of the EEC Treaty.

Article 85(1) came into effect only when there was an agreement between undertakings; the object or effect of the agreement was the restriction or distortion of competition within the Common Market; and the agreement might affect trade between members states.

The firm had raised a serious question as to whether that combination of factors existed.

First, the agreements between the managers and tenants were agreements between undertakings.

Second, the object and effect of those agreements was restrictive or distortive of competition within the Common Market, specifically within the territory in which the firm operated.

The provisions under attack were ancillary to the brewers' tied house agreements. Such agreements had long been held by the European Court to be within the prohibition of Article 85 (see *Brasseries de Haaecht [1967] ECR 407*).

A serious question arose. If the brewery tie agreement was prohibited, could ancillary provisions which did not relate to the brewery tie survive? Also, had the provisions by their nature and according to commercial usage, any connection with the brewery tie?

Third, brewery ties might affect trade between member states.

Insistence by the managers on the relevant conditions, however, could not possibly have any effect on trade between member states. As a matter of common sense and for all practical purposes it would be quite unrealistic to expect the back-up services to be provided by a supplier outside the UK.

The EEC Commission's approach was to treat the beer tie and the nominated supplier condition as integral parts of the whole agreement. Article 85 (3) provided a means of avoiding the consequences of Article 85 (1) and (2) by block exemption. Generally beer tie agreements had, on certain conditions, been the subject of block exemptions.

Article 6 (1) of Commission Regulation 1984-83 June 22 1983, provided that subject to certain exemptions Article 85 (1) of the Treaty should not apply to beer tie agreements. Article 8 (1) (b) of the Regulation provided that such exemption should not apply where the supplier of the beer restricted the freedom of the reseller "to obtain from an undertaking his choice of service or goods."

The managers' conditions fell squarely within that Article.

Guidelines affecting suppliers of machines to tied houses were given in paragraph 52 of the Commission's Notice, published in the Official Journal of April 13 1984. It said the practice of allowing the tenant to conclude contracts for the installation of machines only with recommended undertakings was a rule incompatible with the Regulation, unless the undertakings were selected on the basis of objective criteria of a qualitative nature.

It was plain from the affidavits and exhibits that there was a serious question whether the managers' activities fell within those guidelines. Inquiry could take place only at trial of the action. Among other things there was a question as to the *bona fides* of the managers.

So far as the firm's case was based on Article 85 it succeeded in the sense that there were serious questions to be tried.

So far as it was based on Article 86, the case failed.

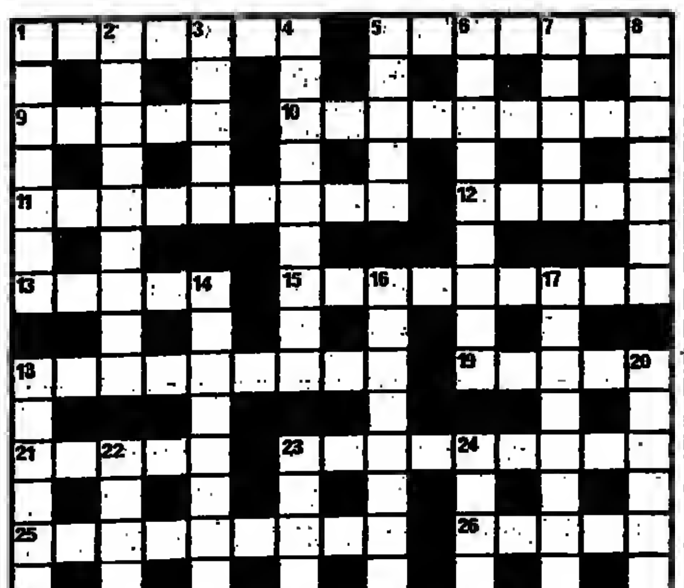
Article 86 was really about the abuse of dominant positions in the Common Market. There was no evidence that the managers occupied such a position.

For the firm: Anthony Thompson QC and William Elland (Rochman Landau & Co, for Gosschalk Wheldon & Co, Hull)

For the managers: David Vaughan QC and Richard Seymour (Shacklocks)

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 5,874



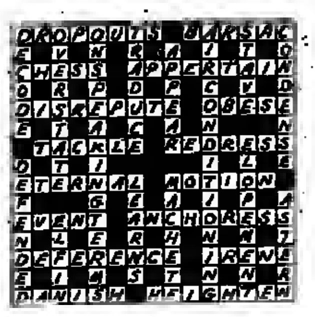
ACROSS

1 Colour of swineherds by end of August (7)
5 Medical disorder that may recur (7)
9 A walk back for the transport animal (5)
10 Held by some to be operatic spectacles (9)
11 What runs in New Guinea to make accountants as cautious as that? (9)
12 French article duty-free (5)
13 Rope's-end to return before long? (5)
15 Not a travelling-case (2-7)
18 Correction to reform Bill? (9)
19 Bound to see Ruby taking in work (5)
21 Moving arm to and fro (5)
23 Intended gear for US routes, perhaps (9)
25 In which soldiers carry rounds around? (9)
26 College window (5)
27 Unusual Aintree apprentice (7)
28 Hum in an exchange can be diabolical (7)

DOWN

1 I present large bill for Sir Francis's craft (7)
2 PM who was happy to be overweight (9)
3 Muse of summer at Olympus? (5)
4 Gabby's address at No 4, Eaton Head? (9)
5 Tumble-dryer in Ireland (5)
6 Rattle, say, the current leader (9)
7 Anthem requiring word, and more, of French (5)
8 Once dearest, it feels different here (7)
14 Duck below the bed-cover (9)
16 Perhaps opt for French religious instruction—get a collection here (9)
17 Means of making death a happy release? (9)
18 Change bar-coat for smart jumper (7)
20 Ridge—it gets a beating to nothing in return (7)
22 Two-wheeler from the Friendly Islands (5)
23 Yarn of double elasticity at the top (5)
24 Slackness of inverted climber (5)

Solution to Puzzle No 5,873



APPOINTMENTS

Unilever computing head

Mr I. W. Harrison has been appointed head of UNILEVER'S computing and communications group in succession to Mr J. M. Hubert. Mr Harrison has been with Unilever since 1976 and has held several senior management positions, most recently as financial director of Unilever South Africa (Pty).

★

Ms Jean Wood has been appointed assistant general manager sales and marketing of the MANUFACTURERS LIFE INSURANCE GROUP. She was director of marketing.

★

Mr H. G. DeVille has been appointed deputy chairman of MEYER INTERNATIONAL. He joined the board a year ago as a non-executive director and was formerly executive deputy chairman of BICC.

★

Mr Phillip Hares, deputy chief executive and board member for finance of British Shipbuilders, has been appointed a director of the IRON TRADES INSURANCE GROUP.

★

Rear Admiral M. F. Simpson has joined FIELD AIRCRAFT SERVICES (CROYDON) as director and general manager. He was director general aircraft (naval) at the Ministry of Defence.

★

ALLEN & OVERY has appointed the following partners: Mr Alan Berg, Mr Mervyn Parry, Mr Rupert Jones, Mr Charles McKenna, Mr David Hughes, Mr Alan Paul, Mr Chris Roberts, Mr Richard Cranfield, Mr Guy Beringer, Mr Jonathan Brayne, Ms Julia Salt, Mr Richard Turner and Mr Andrew Clark. Mr Brayne will be joining Mr David Reid as resident partners of the firm in New York. Mr Paul was seconded on November 1 to be secretary of the Panel on Take-Overs and Mergers.

★

CONSOLIDATED CONCORD has appointed Mr Jeremy Wilkinson as executive director group finance. He joins from Bank of America where he was head of financial analysis and planning. Also appointed to the board is Mr Claus Andrup, executive director group communications and executive assistant to the chairman. He has acted as communications consultant to the group since 1981.

★

SOTHEBY'S has appointed Mr Ian Macpherson as personnel director. Mr Macpherson, who will be joining the company on November 20, was previously in charge of the London office of Carre, Orban & Partners International.

★

Mr Michael G. Cannon will join HUNTER SAPHIR on December 2 to become managing director of its subsidiary Hunter Distribution. He was with BOC, laterly as regional controller south west region, having previously served as general manager—transport and distribution BOC Gases.

★

Following the retirement of Mr J. T. Longthorne, Mr Christopher Coxon has been appointed managing director of HUGO HOUSE BEAUTY PRODUCTS, Bradford.

★

Mr Richard Jasinski has been appointed assistant managing director and sales and marketing director of VFP FLUID POWER, a subsidiary of Aerospace Engineering.

★

Mr Richard Atkins has been appointed group financial director of Datasolve, Computeraid and Computeraid Services (all THORN EMI Information technology companies). He succeeds Mr Mike Stewart who has moved to Thorn EMI Protech. Mr Atkins was previously financial controller at Thorn EMI Information Technology.

★

Mr John Mason has been appointed managing director of JOHNSON GROUP CLEANERS PROPERTIES, property company in Johnson Group Cleaners. He has been a director of Johnson Group Cleaners Properties since 1982.

★

Mr Francis Ball has been appointed merchandise trading director of LITTLEWOODS chain stores division. He will be responsible for all buying of clothing and homeware. He joins from Marks and Spencer where he was merchandise manager for ladies' fashions.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]					

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	99.0	105.4	+0.2	1.40
Income & Growth	43.9	46.8xd	-0.1	3.00
Special Situations	54.9	58.9	+0.3	1.50
American Growth	26.5	28.2	-0.1	1.80
Japan Growth	34.5	36.5	-0.3	—
European Growth	42.8	45.7	-0.1	2.80
UK Growth	42.7	45.6	+0.2	0.90
Pacific Growth	32.7	35.0	-0.2	2.30
High Income	28.6	30.6	-0.2	7.40
Practical Income Units	44.1	47.0	+0.1	2.70
Practical Accum. Units	79.3	84.4	+0.2	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 1EO — 01-405 8441

Pearl Growth Fd	68.0	72.3	-0.2	3.41
Accum Units	100.5	106.9	-0.2	3.41
Pearl Inc.	96.1	102.2xd	-0.3	4.89
Pearl Unit Tst.	101.6	108.2	-0.2	3.89
(Accum. Units)	171.8	182.8	-0.3	3.89

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

Growth	204.4	219.4	-2.4	1.55
Income	149.7	160.3xd	+0.1	5.38
Worldwide Recovery	115.5	124.0	-0.1	2.22
American Growth	56.4	60.6	-0.4	1.2
Intl Emerging Cos.	60.9	65.4	-0.4	0.16
Far East Growth Fd.	51.9	55.7	-0.3	1.10

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc.		50.0		—
Prolific Far East	111.3	110.4	-1.1	0.18
Prolific Extra Inc	67.3	71.4	-0.2	3.48
Prolific Convert & Gilt	84.1	89.2xd	-0.1	7.82
Prolific High Inc	142.0	150.6xd	-0.5	5.01
Prolific Intl	87.0	92.6xd	-0.5	1.78
Prolific N. Amer	115.2	122.6xd	-0.7	2.32
Prolific Spec. Sits	158.3	168.5	-0.5	1.47
Prolific Technology	97.7	103.9	-0.1	0.58

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Japan Inc.	53.6	57.0xd	-0.6	—
Japan Acc	53.9	57.1	+0.5	—
Worldwide Inc.	53.1	56.3	-0.5	2.21
Worldwide Acc.	53.5	56.7	-0.4	2.21
European Tst Inc	62.1	65.8xd	-0.3	1.16
European Tst Acc	62.1	66.0	-0.3	1.16
North American Inc.	48.5	51.4	-0.2	2.27
North American Acc.	—			—
UK Equity Inc.	54.9	58.1		3.64
UK Equity Acc	—			—

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3177

Holborn Equity Tst	343.4	365.3xd	-0.4	3.33
Holborn European Trust	55.1	58.6	-0.5	1.07
Holborn Gilt Tst	156.1	161.5	-0.7	8.71
Holborn High Inc	57.1	60.7	-0.1	6.82
Holborn Intl Growth	68.1	77.0	-0.7	0.72
Holborn Japanese Trust	53.3	56.6	-0.6	0.06
Holborn N. Amer. Trust	52.0	55.3	-0.4	2.21
Holborn UK Growth	68.4	72.7	-0.3	2.94

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd.	341.5	365.5		3.45
Quadrant Income	197.0	205.4		5.31
Quadrant Intl. Fund	301.7	313.9		1.49
Quadrant Spec. Sits.	208.5	221.9		2.59

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV — 01-628 4011

Wellington Inc	54.9	58.4xd	+0.2	6.00
Wellington Growth	117.0	120.0xd	..	2.00

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 22271

British Life	138.0	149.3xd	+0.5	3.99
Reliance Unit 1st Inc	89.6	95.7xd	+0.5	3.46
Reliance Ut 1st (Acc)	117.6	125.6	+0.7	3.46

Ridgefield Management Ltd
15 Fountain St, Manchester M2 2AF — 061-236 5685

Income UT		100.4	107.4	6.14
International UT		121.1	125.8	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 — 01-280 5456

NC America (Inc)	230.6	242.7	-0.9	1.38
NC America (Acc)	340.0	361.0	-1.1	1.38
NC Engy Res Tst	155.9	165.1xd	+1.2	2.40
NC Inc. Fd	72.5	77.1xd	-0.4	4.56

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist.*	234.5	247.9	..	3.87
Equity Acc.*	278.2	294.3	..	3.87
Fixed Int. Dist.†	120.1	124.4	..	10.87
Fixed Int. Acc†	169.5	175.6	..	10.87

*Prices on Nov 13. Next dealing Dec 11
†Prices on Nov 6. Next dealing Dec 4

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-3

TSB American	94.6	100.7	-0.4	1.35
Do Accum.	98.5	104.8	-0.5	1.35
TSB Extra Income	89.8	95.6	-0.3	5.93
Do. Accum	103.4	110.0	-0.4	9.93
TSB General	129.8	138.0	-0.4	3.17
Do. Accum.	210.2	223.6	-0.5	3.17
TSB Gilt & Fxd Int.	46.6	48.6xd	-0.1	9.20
Do. Accum	58.6	60.9	-0.2	9.20
TSB Income	179.0	190.5	-0.6	4.68
Do. Accum.	270.3	287.4	-0.8	4.68
TSB Pacific	108.1	115.0	-0.9	0.62
Do Accum	110.8	117.9	-0.9	0.62
TSB International	239.7	255.0xd	-2.1	2.01
Do. Accum.	294.2	313.0	-2.6	2.01
TSB Natural Resources	42.3	45.1xd		2.05
Do. Accum	43.2	46.0	-0.1	2.05
TSB Slcnd. Opps.	49.4	52.5	-0.1	2.18
Do. Accum	53.6	57.1	-0.2	2.18

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	67.7	72.0xd	+0.5	0.10

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks — (0296) 5941

American Eagle	66.5	71.1	-1.0	0.4
Australia	30.5	32.5	..	0.10
Commodity	80.3	86.3	+0.7	2.69
Energy	37.5	40.1	+0.2	2.56
Equity	108.4	115.6	-0.9	3.21
European Spec. Sits.	65.3	69.8	-0.3	0.63
Extra Income	93.8	100.3	-0.6	7.20
Financial	221.5	236.3	-1.1	2.15
Gilt Capital	222.8	233.3	-0.1	3.25
Gilt Income	100.8	105.6	-0.2	8.48
Gold Income	50.9	54.4xd	-0.6	2.30
Gold Acc.	92.7	94.1	-1.0	2.30
Income	66.4	71.4	-0.3	5.77
Japan	50.1	53.4	-1.1	0.10
Malaysia & Singapore	22.7	24.3	-0.3	1.40
Pacific Income	65.0	69.5	-0.8	0.10
Pacific Re Inv.	79.7	85.2	-1.1	0.10
Preference Share	16.4	17.7xd	..	9.86
Special Sits	78.5	84.0	-0.2	0.89
Technology	39.4	42.1	-0.5	0.10
UA Capital	51.3	55.0xd	-2.1	2.30
US Special Bond	47.6	50.9xd	..	6.52
Worldwide Capital	116.6	124.4	-0.6	2.00
Equity Exempt Nov 12	664.5	710.9	..	2.16
Equity Ex Acc Nov 12	1,224.9	1,306.6	..	2.16

Touche, Remnant Unit Trust Mngt. Ltd
Mermaid Hse, 2 Puddle Dock, EC4 — 01-248 1250

TR American Growth	28.1	30.3	-0.2	1.0
TR General Growth	44.9	48.3		3.00
TR Global Tech.	29.1	31.3xd	+0.1	0.1
TR Income Growth	49.8	53.6	..	5.00
TR Income Monthly	41.3	44.0	-0.1	7.19
TO Japan Growth	24.2	25.8	-0.1	0.18
TO Overseas Growth	33.0	35.3xd	-0.4	1.63
TR Smaller Cos.	47.3	50.4xd	+0.1	2.09
TR Special Ops	50.0	53.5	+0.1	1.93

Trades Union Unit Trust Managers
100 Wood Street, London EC2 — 01-628 8011

TUUT Nov 1	143.5	151.1xd	..	3.64

Transatlantic and Gen. Secs. (c) (y)
91-99 New London Rd, Chelmsford — 0245-51651

Emblem Oct 25	374.8	392.6	..	4.82
(Accum. Units)	611.3	640.2	..	4.02
Fielding Fd Nov 14	209.3	220.4	..	3.56
(Accum. Units)	229.2	241.3	..	3.56
Fielding Inc Nov 14	145.6	153.3	-1.0	5.41
Fldng AM&Gen Nov 14	201.1	211.7	+10.6	1.62
(Accum. Units)	226.1	238.0	+11.9	1.62
S&W American Nov 13	131.6	138.2	..	1.94
S&W Smlr Secs Nov 13	101.9	107.3	..	0.86

Tyndall Managers Ltd(a)(b)(c)

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments

Sun Life Unit Assurance Ltd.

Scottish Mutual Assurance Society

Scottish Mutual Investments

Swiss Life Pensions Ltd

TSB Life Ltd

Scottish Provident Institution

Target Life Assurance Co. Ltd.

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

UK Life Assurance Co Ltd

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

OFFSHORE AND OVERSEAS

Australian Gen Mngt Ltd

BIA Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Baring International Group

Bishopsgate Commodity Ser. Ltd

Britannia Intl. Investment Mngt. Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd

Capital International

Charterhouse Japhet Currency Mngt. Ltd.

Citibank (CI) Ltd

Cortese International Ltd

Credit Suisse

DWS Deutsche Ges. F. Wertpapiersp

Dreyfus Intercontinental Inv. Fd.

Dunedin Unit Trust Mgrs (Bermuda) Ltd

EBC Trust Company (Jersey) Ltd.

The English Association

Eurofile Assurance Group

S.G. Europe Obligations S.A.

Fidelity International

Fleming Group

Forbes Securities Management Ltd.

Framlington Overseas Fund Mngt. Ltd.

Frankfurt Trust Investment—GmbH

Frobisher Fund NV

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ltd.

Assicurazioni GENERALI SpA

Global Asset Management Corp.

Grindlay Henderson Mngt Ltd.

Guinness Mahon Fund Mgrs. (Guernsey) Ltd

Hambros Bank Ltd

Hambros Pacific Fund Mgmt. Ltd.

Henderson Admin. (Guernsey)

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

International Bond Trust

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Lazard Brothers & Co. Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Life (Isle of Man) Ltd

M & G Island Fund

Manufacturers Hanover Geofunds

Midland Bank Trt. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

NEL Britannia Int Ass Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Newport International Management

Nomura Growth Fund S.A.

Northgate Unit Trt. Mngr. (Jersey) Ltd.

PFC Internatl Portfolio Fd Mngt Ltd

Pacific Basin Fund

Perpetual UT Mngrs (Jersey) Ltd

Phoenix International

Premium Life International Ltd.

Providence Capital International Ltd.

Putnam International Advisers Ltd

Quantum Fund

Rothschild Asset Management (C.I.)

Royal Bank of Canada Funds

Royal Trust International Fd. Mngt. Ltd.

Save & Prosper International

SCI/TECH SA

Schroder Unit Trust Mgrs. Int. Ltd.

Securities Selection Ltd.

Seven Arrows Fund NV

Standard Chartered Off. Money Mkt Fund

Strategic Metal Trust Mngrs. Ltd.

Tokyo Pacific Holdings NV

Tyndall Guardian Management Ltd

U.S. Pacific Stock Fund.

Unit Trust Services (Jersey) Ltd.

United Fund Managers Ltd

Viking Fund—SICAV

S.G. Warburg & Co. Ltd. and subsidiaries

Wardley Fund Managers (Jersey) Ltd.

World Fund S.A.

World Wide Growth Management

Yamaichi Dynamic Mngt Co SA

Money Market Trust Funds

The Charities Deposit Fund

The Money Market Trust

Oppenheimer Money Management Ltd

Money Market Bank Accounts

Adam & Co. plc

Allied Arab Bank Ltd

Bank of Scotland

Barclays Prime Account

Britannia Investment Services Ltd.

Charterhouse Japhet plc

Citibank Savings

Co-operative Bank Cheque & Save

Lloyds Bank PLC

Lombard North Central PLC

Tyndall & Co

Western Trust & Savings Limited

NOTES

OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

Tin trading may remain suspended while rescue package is sought

BY ANDREW GOWERS

TIN TRADING on the London Metal Exchange may remain suspended beyond the end nf next week in order to give bankers and diplomats more time to put together a rescue package for the International Tin Council.

At a press conference yesterday, senior LME executives defended their decision to postpone the re-opening of tin trading at least until next Friday, which followed pressure from the banks backing a £900m refinancing plan for the market.

"To have opened on Monday would have been shooting nnrselves in the foot," said Mr Mike Brown, the chief executive.

"They (the bankers) felt it would be helpful if the market remained closed while consultations continned," said Mr Jacques Lion, chairman of the Exchange's hoard. LME authorities will decide towards the end of next week whether to reopen trading the following Monday.

However, Mr Brown made it clear that the LME remains under intense pressure to reopen the market.

"The other contracts are virtually dying on their feet while the tin crisis carries on," he said. "Turnover is down by well over 50 per cent, and a lot of the existing business is liquidation. We desperately need to reopen tin trading in as orderly fashion as possible to salvage the nther metals trading on the Exchange."

In addition, Mr Ted Jordan, chairman of the IME committee, expressed concern that the current small secondary market in physical tin would grow outside the Exchange if trading did not reopen soon.

Executives would not be drawn on bow they proposed to conduct trading when it eventually reopens. They have drawn up a contingency plan to cope with a possible "free fall" in tin prices assuming that no rescue package is forthcoming, and will today be studying an alternative plan which could be implemented if the hanks are able to provide their proposed loans.

However, Mr Brown emphatically ruled out adopting a fixed settlement price for outstanding tin contracts when trading resumes, as proposed by the Malaysian Government.

He said it would be impossible for the LME to adopt a price acceptable to both producers and consumers, and the Exchange authorities might thus be npen to possible legal action.

Mr Michael Brown, chief executive of the LME

"The board and committee have looked at this very carefully, and we've taken Counsel's npinion," he said. "But it (the price) would be completely arbitrary. We would not be able to defend it. We would not be able to defend ourselves."

The LME executive reiterated strong criticism of the ITC for what they termed its default in the tin market on October 24 and the subsequent refusal of member governments to honour the Council's debts, but sought to put a brave face on present efforts to find a solution.

"We are very hopeful that some form of bridging loan will be made available at an early stage," said Mr Lion.

Neither he nor his colleagues, however, appeared to have developed many concrete ideas as to how trading on the LME might have to change after the dust of the tin debacle has settled. But they poured scorn on the idea that the LME's trading system—which involves contracts between principals rather than a more conventional clearing system—was at fault.

"The fault is not in the principals' contract. The fault is in the creditworthiness of the nrganisation concerned (the ITC)," said Mr Lion.

Any organisation like the ITC would in future be barred from forward dealings, however, on the grounds that "that was how we were conned." He added that the possibility of asking ring-dealing members' parent companies to increase their subsidiaries' capital was one possibility being examined.

Crisis could indicate the end for Brazil's surge up the world production league

BY ANDREW WHITLEY IN SANTA BARBARA, RONDONIA

IN A remote part of the Amazon, not far from the Bolivian border and more than 3,000 kilometres away from Brazil's heavily populated coastal strip, there are many worried men who would dearly love to know how far tin prices are going to fall when trading eventually reopens on the London Metal Exchange.

If and when tin production has to be cut back in Brazil—the brash upstart of the world's industry—the axe will probably fall most heavily here in Rondonia and the other smaller tin producing areas.

The rival Pitinga mines in the Northern Amazon, the largest and richest in the world, could afford to keep going with impunity — if they so wished. Pitinga, run by the Sa. Paulo-based Paranapanema Company, will alone be responsible for 10 per cent of global tin ontput this year.

The discovery in 1981 of this rich minerals province, 350 km north-east of Manaus, transformed the Brazilian tin scene. From being a modest producer of around 7,000 to 10,000 tonnes a year, Brazil has grown to be the second largest producer in the world, with 26,000 tonnes forecast for this year.

According to Mr Octavio Lacombe, the executive director and chief shareholder of Paranapanema, reserves in its 250 sq km claim area today stand at over 300,000 tonnes of high grade ore, sufficient for at least 20 years' production.

In addition Paranapanema has found sufficient deposits nearby of rare minerals such as colombite, pantalite and zirconite in association with rare earth. The former it plans to bring on stream in the second half of next year.

Production costs may be high in view of the infrastructure the company has had to put in itself—1,000 km nf external roads outside the mine area alone—hut the grade of tin is reported to be so good that final output costs are estimated to be only $3,000-$4,000 a tonne.

In Rondonia, by contrast, output costs are probably double averaging around $8,000 a tonne—making the two major companies established here much more vulnerable to a dramatic fall in the international tin price.

Six companies effectively make np the tin industry in Brazil. But of these only three are of real significance in world terms: Paranapanema, BRN Mineracao—a joint venture between Brascan, the privately owned Canadian company, and BP Minerals—and Brumadinho, another private Brazilian concern.

Paranapanema will probably produce 18,500 tonnes of tin in 1985, up from 11,848 last year, making it responsible for 70 per cent of national outpnt. BRN has also pushed production up of significantly to 3,500 tonnes this year, while Brumadinho, which has the handicap of lower grades, is likely to turn out nearly 2,000 tonnes.

As far as Brazil is concerned, it was not responsible for the current crisis in the tin industry. And it argues that joining the Association of Tin Producing Countries in a co-ordinated production cutback would not have served Brazilian interests.

As Mr Lacombe points out, if Paranpanema had been forced to cut back several years ago, its recent discoveries of tin and other metals would not have been made.

Not that he is insensible to the current delicate market situation. In a first public admission that Brazil may slow down its phenomenal recent growth be said this week: "We could stop increases in production next year, if the price can be beld at a high level. We are not idiots." Thus if the price does not fall too far—$8,500 a tonne, "or a little higher" would be considered reasonable by the Paranapanema boss — be acknowledges that production is likely to be restrained.

Meanwhile in Rondonia the two big producers — BRN and Brumadinho—are bracing themselves for an unpleasant round of belt tightening. Higher cost gravel pumps, which depend on expensive diesel fuel, will probably be the first to be shut down.

BP, for one, expects to be able to survive a sharp fall in prices for a year nr two, but Brumadinho may be in trouble next year, with one geologist dolefully predicting it could go "belly up."

Since it bought into the Brascan tin venture in 1981, BP has energetically turned around what everyone admits used to be a "sleepy little operation." Output was then running at 2,000 tonnes a year and threatening to decline, mainly because of a lack of investment and poor management.

Smartening np the management side, and improving the efficiency of the mines around Santa Barbara bas worked wonders although Mr John Cheeseman, BP's regional manager, feels there is still room for improvement.

What may suffer in the near future is BRN's large exploration effort responsible for most of the nine fronts currently in production. This would bring down costs but could be a risky long term move.

Reserves currently stand at about ten years current production, according to Mr Tom Cheney of BP. But new finds bave recently been going through "A dull patch" the company admits, probably not keeping up with the rate of extraction—a warning sign for the future.

Mitterrand proposes farm trade reforms

By James Buxton in Rome

MR FRANCOIS MITTERRAND, President of France, yesterday presented a three-part solution to the problem of the world producers of agricultural commodities.

He told the UN Food and Agriculture Organisation (FAO) in Rome that there must be a rejection of protectionism, a reform of the world monetary system and a major effort to reorganise the market for agricultural commodities.

Speaking at the FAO's biennial conference, Mr Mitterrand said that the most important of these elements was the organisation of stable markets to satisfy the needs of both producers and consumer countries while avoiding dramatic fluctuations in commodity prices. He pointed to the EEC's Rome Convention as an example of a price stabilisation mechanism.

Regional groupings nf countries should also try to harmonise their agricultural production.

The French president said that he was opposed to protectionism.

Greenpeace claims Japan is defying whaling ban

JAPANESE fishermen delivered four sperm whales to a processing factory yesterday in defiance of an International Whaling Commission (IWC) ban on all commercial whaling from this season, the Greenpeace protest group claimed, reports Reuter from Tokyo.

A photographer with the group said she took pictures of the whales at the Taiji whaling station factory in Wakayama, western Japan, before a company official told her to go away.

She said the vessel which delivered the whales turned straight back out to sea to resume hunting.

Japan, along with Norway and the Soviet Union, formally nbjected to the IWC ban. It agreed with the US to limit its catch of sperm whales to 400 a year in 1984 and 1985 after Washington threatened to cut its fish catch in US waters. But it has not yet agreed to a separate US demand that it withdraws its objection to the IWC ban by March 31.

Dead Sea Works to lift ontput

BY WALTER ELLIS IN TEL AVIV

DEAD SEA WORKS (DSW), part of the state-owned Israel Chemicals Group, is to spend $346m over the next five years in improving its facilities near Sodom.

Of the total, $136m will go towards increasing production of potash, and a further $80m on the setting up of a plant for potash refining. Some $60m will be invested in raising the level of existing solar pond dams.

DSW, which bases its production on extraction from the Dead Sea, is the largest natural resources company in Israel. Earnings in 1984-85 rose by 65 per cent to $37.5m, and much of this profit is to be devoted to the latest development programme.

Nearly 1.6m tonnes of Potash was produced in 1984, almost all o fit for export. This year, the total is expected to exceed 2m tonnes.

Danes tighten pig testing for residues

By Hilary Barnes in Copenhagen

SAMPLE TESTING of Danish pigs for pharmaceutical residues will be stepped up from 10,00 0to 20,000 pigs a year in 1986 the Minister of Agriculture Mr Niels Anker Kofoed told the Folketing agricultural committee yesterday.

Carcasses of pigs sampled will be held back until clear, he said, currently only the kidneys are beld back. He said the measure was largely nf a psychological nature to reassure consumers, but added that in the long term it was hoped all pigs could be tested for residues.

In last year's sample of 10,000 pigs only seven cases of residues were found, but pigs suspected of not being completely healthy were not included in the sample.

The opposition was not satisfied with the measures proposed. The Social Democrats want compulsory membership for farmers of preventive medical services and tha Socialist People's Party want the sample increased to 100,000 and several other measures as well.

Reagan 'wrong' over strategic stockpile

BY NANCY DUNNE IN WASHINGTON

CONGRESSMAN Charles Bennet, chairman of a House of Representatives armed services sub-committee, yesterday launched a strong attack on President Reagan's proposals to drastically cut the goals of the U.S. stockpile nf strategic and critical materials.

In a hearing before the Senate committee on energy and natural resources, Mr Bennett said the administration is "dead wrong" to cut the stockpile goals and failing in its dnty to buy priority materials ordered through legislation by Congress.

"Does the national security council really believe that our current stockpile goal of approximately $16bn can be redneed to $700m and still meet the massive requirements for materials that will be needed in any future emergency?" he asked. "Basic common sense tells me that this recommendation has to be dead wrong."

Congress' investigative arm, the General Accounting Office, has been asked to review the methodology and assumptions of the stockpile study that led to President Reagan's July 8 proposal to rednce the stockpile goals. However, the National Security Council has made "extraordinary efforts" to classify the study and prevent a Congressional dialogue with the departments and agencies involved in the study, the Congressman said.

Mr Bennett, who is widely regarded in Congress as the foremost defender of the stockpile, also accused the Administration of ignoring the law which forbids use of the stockpile for any reason outside of national defence. In his July 8 statement, the President said he would use part of the receipts from stockpile sales to reduce the budget deficit.

"The domestic mining industry, which already faces serious competitive problems from abroad, would be further weakened if the proposed reductions in stockpile goals are implemented," he said. Sales would depress prices further and "leave the mining industry less capable of meeting wartime defence requirements."

Mr Bennett said the President has been ill-served by those who advise him to curtail the stockpile. Although the Administration has ignored other legislation designed to protect and promote the stockpile, be is proposing still more congressional action. One would have the stockpile goals determined by law rather than Administrative action. Another would give the Pentagon responsibility for the stockpile "to restore the national security purpose" of the programme, he said.

LONDON MARKETS

COCOA PRICES decline again on the London futures market yesterday, with values ended between £12 and £16 below Wednesday's close. The market was depressed by stronger sterling against the dollar and talk of fairly high port arrivals in the Ivory Coast. News of the Colombian volcanic eruption lifted coffee prices initially but damage to coffee production was later played down and prices subsided. Sugar futures also lost early gains, which had been in reaction against Wednesday's decline. The later fall was attributed to belated reaction to Wednesday's F.O. Licht forecast of higher European production, although New York's easier tone was also thought to be partly responsible. On the London Metal Exchange copper prices eased somewhat and cash lead was quite sharply down reflecting freer availability of supplies.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	657-.9	—0.25	668.5/656
3 months	668-.684	+0.25	684/678

Official closing (am): Cash 655-.5 (658.5-7); three months 678.5-9.3 (681.5-2); settlement 655.5 (657). Final Kerb close: [illegible]. Turnover: [illegible] tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): [illegible]

Cathodes			
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): [illegible]

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): Cash 281.5-2 (284-6); three months [illegible]; settlement 282 (286). Final Kerb close: 281.5-2. Turnover: 11,450 tonnes.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): [illegible]

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]

Official closing (am): [illegible]

GOLD

Gold fell $¾ an ounce from Wednesday's close in the London bullion market yesterday [illegible]

GOLD BULLION (fine ounce) Nov. 15		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
M'n'g fix	[illegible]	[illegible]
Aft'n'n fix	[illegible]	[illegible]

GOLD AND PLATINUM COINS

Kr'g'rnd	[illegible]	[illegible]
½ Krug.	[illegible]	[illegible]
¼ Krug.	[illegible]	[illegible]
1/10 Krug.	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
½ New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

[illegible]

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficl	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12 months	[illegible]	[illegible]	[illegible]	[illegible]

LME—Turnover: 34 (46) lots of 10,000 oz. [illegible]

MEAT

[illegible]

Month	Yesterday's close	Previous close	Business done
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]

MEAT COMMISSION—[illegible]

Sales: 33 (20) lots of 50 carcases, 3,250 kg.

INDICES

FINANCIAL TIMES

Nov. 14	Nov. 13	M'th ago	Year ago
[illegible]	[illegible]	[illegible]	[illegible]

(Base: July 1 1952=100)

REUTERS

Nov. 14	Nov. 13	M'th ago	Year ago
[illegible]	[illegible]	[illegible]	[illegible]

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 14	Nov. 13	Month ago	Year ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Fut.	[illegible]	[illegible]	[illegible]	[illegible]

(Base: December 31 1931=100)

*Not available due to suspension of tin on LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 14 1985	+ or —	Month ago
METALS			
Aluminium	[illegible]	[illegible]	£1100
Free Mkt.	[illegible]	[illegible]	[illegible]
Copper	[illegible]	[illegible]	[illegible]
Cash h Grade	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Gold Troy oz	[illegible]	[illegible]	[illegible]
Lead Cash	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]
Free Mkt.	[illegible]	[illegible]	[illegible]
Palladium oz	[illegible]	[illegible]	[illegible]
Platinum oz	[illegible]	[illegible]	[illegible]
Quicksilver	[illegible]	[illegible]	[illegible]
Silver troy oz	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]
Wolfram	[illegible]	[illegible]	[illegible]
Zinc	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]
OILS			
Coconut (Phil)	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
SEEDS			
Copra Phil	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
GRAINS			
Barley Fut. Jan.	[illegible]	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
Wheat Fut. Jan.	[illegible]	[illegible]	[illegible]
No. 2 Hard Wint.	[illegible]	[illegible]	[illegible]
OTHERS			
Cocoa Ft. Mar.	[illegible]	[illegible]	[illegible]
Coffee Ft. Jan.	[illegible]	[illegible]	[illegible]
Cotton A Index	[illegible]	[illegible]	[illegible]
Gas Oil Jan.	[illegible]	[illegible]	[illegible]
Rubber (kilo)	[illegible]	[illegible]	[illegible]
Sugar (raw)	[illegible]	[illegible]	[illegible]
Woollops 64s	[illegible]	[illegible]	[illegible]

§ Unquoted. u Dec. v Dec-Jan. w Nov-Dec. x Per 75 lb flask. c Cents per pound. z Jan.

COCOA

Opening at £20.00 lower, futures then traded lethargically throughout the day to close near the highs but still £15.00 below the previous closing call. Physical interest was muted and trade was limited to nearby producers offtake, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: 2,247 (2,458) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Nov 14: 100.90 (101.83); five-day average for Nov 15: 101.86 (101.72).

COFFEE

After opening £27-£42 lower, trade buying encouraged a gradual recovery in moderate volume, reports Drexel Burnham Lambert. Following news of a volcanic eruption in Central Colombia, London re-opened £50-£65 higher during a fairly active afternoon call, however, prices retraced as conflicting reports of estimated damage to warehouses were received and forthcoming transport problems began to unfold.

COFFEE	Yesterday's Close	+ or —	Business Done
Nov.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]

Sales: 4,384 (3,278) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for November 13: Comp. daily 1979 127.57 (133.67); 15-day average 138.84 (137.94).

GRAINS

The wheat market again reflected a strong physical market with values again reaching new contract highs; a second two day shipper trade was seen together with short covering to close the market steady, just off the day's highs. Barley saw indifferent trading with values easing slightly in thin volume, reports Muirpace.

WHEAT	Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Nov...	[illegible]	[illegible]	[illegible]	[illegible]
Jan...	[illegible]	[illegible]	[illegible]	[illegible]
Mar...	[illegible]	[illegible]	[illegible]	[illegible]
May...	[illegible]	[illegible]	[illegible]	[illegible]
July...	[illegible]	[illegible]	[illegible]	[illegible]
Sept...	[illegible]	[illegible]	[illegible]	[illegible]

Business done—[illegible]

LONDON GRAINS—[illegible]

HGCA—[illegible]

RUBBER

PHYSICALS—The London market opened slightly easier, attracted very little buying interest throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): spot 50.00p (same); December 54.75p (55.0p); January 55.25p (55.50p). The Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No. 1 was 180.5 (181.5); and for SMR 20 157.0 (158.0).

US MARKETS

PRECIOUS METALS came under light selling pressure in response to slow progress at the meeting of the International Tin Council, reports Heinold commodities. Copper sold off from early gains as physical activity slowed in light of the Tin Council deliberation. Sugar declined on selling linked to the lack of fresh cash inquiry. Coffee gained ground on the report of a volcano eruption in a major growing area of Columbia although losses were not expected to be substantial. The lack of fresh news confined cocoa to a tight trading range. Better harvest conditions pressured nearby cotton values. The energy complex firmed on the weekly trade stocks report which showed an unexpected drawdown in crude in product stocks. The soyabean complex came under pressure on disappointment over the level of export business. The grain complex traded mixed with wheat under light pressure from profit taking following recent sharp gains.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Nov	42.15	—	—	42.10
Dec	42.40	42.65	42.40	42.30
Jan	42.80	—	—	42.70
March	43.55	43.70	43.55	43.45
May	44.20	—	—	44.15
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard 21.00 (19.50) cents per pound. New York tin [illegible] cents per pound. Handy and Harman silver bullion 615.0 (620.0) cents per troy ounce.

OIL

Undated December Brent traded 40 cents up at 29.85 late Wednesday following release of bullish API statistics. It opened Thursday at 30.13 and traded erratically up to 30.50 before easing back late in the afternoon. Nymex opened 31 cents up for December and traded a further 15 cents up at 3.30 pm EST. Within the petroleum products market gas oil firmed in active trade on the back of bullish API stats, heavy fuel stocks drifted down over the day reflecting good supply and a withdrawal of buyers, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov		
Arab Light	[illegible]	[illegible]
Arab Heavy	[illegible]	[illegible]
Dubai	[illegible]	[illegible]
Brent Blend	[illegible]	[illegible]
W.T.I. (1 pm est)	[illegible]	[illegible]
Forcados (Nigeria)	[illegible]	[illegible]
Urals (cif NWE)	[illegible]	[illegible]
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	[illegible]	[illegible]
Gas Oil	[illegible]	[illegible]
Heavy fuel oil	[illegible]	[illegible]
Naphtha	[illegible]	[illegible]

* November Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Turnover: 3,211 (3,029) lots of 100 tonnes.

CRUDE OIL FUTURES—[illegible]

POTATOES

A stronger Dutch quote together with continued reports of physical quality problems resulted in gains of some 30p upon opening. Keen selling interest at £84.00 basis April, an old resistance level, turned values back by mid-morning, with further profit-taking trimming values by 70p at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]

Sales: 421 (360) lots of 40 tonnes.

SOYABEAN MEAL

The market opened £1.00 dearer in dull trade, reports T. G. Roddick. Prices remained in the defensive throughout the afternoon session to close [illegible]

	Yesterday's close	+ or —	Business done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]

Sales: 38 (—) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $131.00 ($137.50), down £0.50 (down £0.50) a tonne for November-first half December delivery. White sugar $176.00, down $0.50.

The market struggled to hold on to the $157 level basis March despite the London tender. Interest, however, was mainly in the tob contract where trade held in 18pc premium to May [illegible], reports C. Czarnikow.

No. 6 contract	Yesterday's close	Previous close	Business done
	$ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 1,540 (—) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £200.00 (£202.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for Nov. 14: Daily price 5.45 (5.60); 15-day average 5.44 (5.41).

FREIGHT FUTURES

The Baltic Freight Index was 891.0, down 0.5.

	Close	High/Low	Prev.
Jan.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]

Turnover: 53 (69).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows little change

The dollar showed little overall change against other leading currencies yesterday. Once again there was a steady underlying demand to provide a base while fears of central bank intervention deterred any significant rise. News of a 3.5 per cent fell in US retail sales in October prompted a brief marking down in the dollar's value. In addition the September rise was revised from 2.7 per cent to 2.1 per cent.

Although disappointing, the figures were close to market expectations and appeared to have only a temporary effect. Today sees the release of producer prices and industrial production data and these are expected to provide further evidence of a slowdown in economic growth, putting increased pressure on the authorities to reduce interest rates.

The dollar closed at DM 2.6165 compared with DM 2.6150 and Y203.35 from Y203.95. Against the Swiss franc it was unchanged at SFr 2.1440 and FFr 7.97 from FFr 7.9675. On Bank of England figures, the dollar's exchange rate index fell to 129.1 from 129.3.

Central bank intervention was not readily detected although recent comments by Japanese officials, suggesting that intervention and high interest rates still provided a way to depress the dollar, inhibited any strong improvement.

STERLING — Trading range against the dollar in 1985 is 1.4410 to 1.0525. October average 1.4217. Exchange rate index rose to 79.6 from 79.5. It opened at 79.5 and showed very little change during the day. The six months ago figure was 79.2.

Sterling finished a little firmer overall, helped by relatively high interest rates and Government assertions that rates would be used in order to control and defend sterling. The pound rose to $1.4270-1.4280, a rise of 35 points. Against the D-mark it improved to DM 3.7350 from DM 3.7250 and SFr 3.0600 from SFr 3.0525. It was a little easier against the yen however at Y290.25 from Y290.50 but rose against the French franc to FFr 11.3775 from FFr 11.3450.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5960. October average 2.6443. Exchange rate index 127.6 against 122.3 six months ago.

The D-mark showed little overall change against the dollar in Frankfurt in rather quiet trading. The dollar closed at DM 2.6130 compared with DM 2.6110 on Wednesday. News of a 3.3 per cent fall in October US retail sales prompted a fall to DM 2.6095 but the US unit soon recovered, helped by continued underlying demand. Earlier in the day the dollar had been fixed at DM 2.6122 and there was no intervention by the Bundesbank.

£ IN NEW YORK

	Nov. 14	Prev. close
£ Spot	$1.4270-1.4280	$1.4185-1.4195
1 month	0.40-0.38pm	0.40-0.39 pm
3 months	1.18-1.14pm	1.21-1.18 pm
12 months	0.75-3.65pm	3.70-3.65 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Nov 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4195-1.4280	1.4270-1.4280	2.39-0.36c pm	3.15	1.21-1.17pm	3.33
Canada	1.9636-1.9671	1.9636-1.9654	0.46-0.36c pm	2.50	1.38-1.24pm	2.67
Nethlnd.	4.19¾-4.20¾	4.19¾-4.20¾	1⅞-1⅝c pm	5.15	5⅝-5⅞pm	5.35
Belgium	75.19-75.43	75.30-75.40	20-14c pm	2.71	59-50pm	2.89
Denmark	13.46¾-13.50¾	13.49¾-13.50¾	2⅝-1⅞ore pm	1.83	7-5⅞pm	1.91
Ireland	1.2037-1.2063	1.2044-1.2054	2.20-0.07p pm	1.34	2.52-0.17pm	1.15
W. Ger.	3.72¾-3.14	3.73-3.74	2⅞-2pf pm	6.63	6⅝-6pm	6.56
Portugal	231½-234½	232-234	145-485c dis	−14.94	590-1370dis	−16.74
Spain	229.08-229.74	229.08-229.38	45-85c dis	−3.40	166-270dis	−3.71
Italy	2,514¾-2,524½	2,523¾-2,524¾	3-7 lire dis	−2.38	10-16dis	−2.06
Norway	11.19½-11.22½	11.21½-11.22½	⅛-1⅛ore dis	−0.80	2⅝-3⅜dis	−1.14
France	11.35¾-11.38¾	11.37¾-11.38¾	2⅝-1⅝c pm	2.11	6⅝-5⅝pm	1.98
Sweden	11.18-11.21½	11.18-11.19	2⅞-2⅞ore dis	−2.88	4⅞-5⅞dis	−1.88
Japan	289¾-291½	289¾-290¾	0.85-0.75y pm	3.37	2.40-2.30pm	3.24
Austria	26.18-26.22	26.19-26.22	12⅞-11⅞gro pm	5.38	37⅞-33⅞pm	5.38
Switz.	3.05½-3.06½	3.05½-3.06½	2⅝-1⅞c pm	7.84	5⅞-5⅞pm	7.11

Belgian rate is for convertible francs. Financial franc 75.60-75.70. Six-month forward dollar 2.20-2.15c pm. 12-month 3.80-3.65c pm.

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4195-1.4280	1.4270-1.4280	0.39-0.36c pm	2.15	1.21-1.17pm	3.33
Ireland†	1.1814-1.1850	1.1824-1.1831	0.23-0.13c pm	1.82	2.80-0.50pm	2.19
Canada	1.3755-1.3785	1.3775-1.3785	0.06-0.09c dis	−0.65	0.21-0.26dis	−0.68
Nethlnd.	2.9300-2.9490	2.9435-2.9445	2.52-0.49c pm	2.08	1.54-1.51pm	2.07
Belgium	52.64-52.86	52.75-52.85	1-2⅛c dis	−2.40	4-6dis	−0.38
Denmark	9.43½-9.47	9.45½-9.46	⅜-1⅝ore dis	−1.27	3-3½dis	−1.38
W. Ger.	2.6070-2.6185	2.6160-2.6170	0.76-0.77pf pm	3.38	2.14-2.09pm	3.24
Portugal	162½-163½	163-163½	150-360c dis	−18.38	550-1100dis	−20.21
Spain	160.07-160.84	160.45-160.60	80-110c dis	−7.10	260-325dis	−7.16
Italy	1,762½-1,769	1,767½-1,768½	8⅞-9 lire dis	−5.87	24-26dis	−5.56
Norway	7.84½-7.87½	7.86¼-7.86¾	2⅛-2⅝ore dis	−3.62	8⅝-8⅝dis	−4.33
France	7.95½-7.97½	7.96¾-7.97¾	0.70-0.80c dis	−1.13	2.40-2.70dis	−1.28
Sweden	7.83¾-7.87	7.83½-7.83½	3⅛-3⅜ore dis	−5.36	9½-10dis	−4.97
Japan	202.90-204.20	203.30-203.40	0.01y pm-0.02dis	−0.03	0.04-0.09dis	−0.13
Austria	18.33-18.40½	18.33-18.36	4-3⅞gro pm	2.37	11-8⅞pm	2.12
Switz.	2.1330-2.1480	2.1435-2.1445	2.87-0.82c pm	4.73	2.16-2.11pm	3.99

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 52.95-53.05.

EXCHANGE CROSS RATES

Nov. 14	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.428	3.735	290.3	11.38	3.060	4.203	2524.	1.965	75.35
$	0.701	1.	2.617	203.4	7.970	2.144	2.944	1768.	1.377	52.80
DM	0.268	0.382	1.	77.71	3.046	0.819	1.125	675.7	0.526	20.17
YEN	3.445	4.918	12.87	1000.	39.20	10.54	14.48	8695.	6.770	259.6
F Fr.	0.879	1.255	3.283	255.1	10.	2.690	3.694	2218.	1.727	66.23
S Fr.	0.327	0.467	1.221	94.85	3.719	1.	1.373	824.6	0.642	24.62
H Fl.	0.238	0.340	0.889	69.07	2.707	0.728	1.	600.5	0.468	17.93
Lira	0.396	0.566	1.480	115.0	4.508	1.212	1.665	1000.	0.779	29.86
C $	0.508	0.726	1.901	147.7	5.790	1.557	2.139	1284.	1.	38.36
B Fr.	1.327	1.894	4.957	385.2	15.10	4.061	5.577	3349.	2.608	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 14	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11½-11¾	11½-11⅝	11⅝-11½	11⅝-11½	11$\frac{7}{16}$-11$\frac{9}{16}$	11$\frac{7}{16}$-11$\frac{9}{16}$
U.S. Dollar	8-8⅛	7$\frac{15}{16}$-8$\frac{1}{16}$	7$\frac{15}{16}$-8$\frac{1}{16}$	7$\frac{15}{16}$-8$\frac{1}{16}$	7$\frac{15}{16}$-8$\frac{1}{16}$	8⅛-8¼
Can Dollar	8¼-8¾	8⅛-8¾	8⅝-8⅝	8$\frac{9}{16}$-8$\frac{11}{16}$	8$\frac{9}{16}$-8$\frac{11}{16}$	8$\frac{11}{16}$-8$\frac{13}{16}$
D Guilder	5¾ 5⅞	5¾-5⅞	5$\frac{11}{16}$-5$\frac{13}{16}$	5$\frac{11}{16}$-5$\frac{13}{16}$	5⅞-6	5⅞ 6
Sw. Franc	¾-1	1-1¼	3⅛-3¼	4-4⅛	4⅛ 4¼	4$\frac{5}{16}$-4$\frac{7}{16}$
Deutschmrk	4¼-4½	4$\frac{5}{16}$-4$\frac{7}{16}$	4⅛-4⅜	4⅜ 4½	4¾-4⅞	4⅞-5
Fr. Franc	9⅛-9¼	9⅛ 9¼	9⅛-9¼	9$\frac{9}{16}$-9$\frac{11}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10⅛-10⅜
Italian Lira	12-13⅛	13-14¼	13⅝-14⅛	13¼-13¾	15⅛-13⅝	13¼-13¾
B.Fr.(Fin)	8¼-8½	8⅜-8⅝	8⅜-8⅝	8⅜-8⅝	8⅜-8⅝	8⅛-8¾
Br.Fr(Con)	8¼-8½	8⅜-8⅝	8⅜-8⅝	8⅜-8⅝	8½-8¾	8⅛-8¾
Yen	7$\frac{1}{16}$-7$\frac{3}{16}$	7$\frac{1}{16}$-7$\frac{3}{16}$	8-8⅛	8⅛ 8¼	7⅞ 8	7$\frac{13}{16}$-7$\frac{15}{16}$
D. Krone	8½-9	8¾-9¼	9-9½	9-9½	9⅛-9⅝	9$\frac{1}{16}$-9$\frac{9}{16}$
Asian $ (Sng)	8-8⅛	8-8⅛	8-8⅛	8-8⅛	8-8⅛	8⅛-8¼

Long-term Eurodollars: two years 8½-9⅛ per cent; three years 9⅛-9⅝ per cent; four years 9$\frac{9}{16}$-9$\frac{11}{16}$ per cent; five years 9⅞-10 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Nov. 14	Bank of England Index	Morgan Guaranty Change %
Sterling	79.0	−10.0
U.S. dollar	129.1	+17.3
Canadian dollar	88.9	−2.7
Austrian schilling	110.0	+5.0
Belgian franc	92.5	−9.5
Danish Kroner	81.9	−5.6
Deutsche mark	127.6	+2.8
Swiss franc	101.1	+13.6
Guilder	118.3	+5.5
French franc	68.5	−12.6
Lira	44.5	−19.9
Yen	179.1	+30.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.755355	0.592769
U.S.$	7½	1.07752	0.845585
Canadian $	8.84	*	1.16378
Austria Sch.	4	12.7889	15.5249
Belgian Fr	8¾	N/A	44.6088
Danish Kr	7	10.1776	7.98318
D mark	4	N/A	2.20799
Guilder	3	N/A	0.592769
French Fr	2½	8.57762	6.72874
Lira	15½	1900.87	1492.05
Yen	3	220.152	171.665
Norway Kr	8	8.46770	6.64122
Span'h Pta	—	172.972	135.759
Swedish K	12½	N/A	6.64058
Swiss Fr	4	2.30820	1.80965
Greek Dr'ch	20½	N/A	189.915
Irish Punt	—	N/A	0.714176

* C$/SDR rate for November 12: 1.48018

OTHER CURRENCIES

Nov. 15	£	$
Arg'tina	1.1400-1.1425	0.8000-0.8010
Aus'alia	2.1235-2.1275	1.4885-1.4812
Brazil	12,575-12,646	8,825-8,870
Finland	7.9905-8.0085	5.6070-5.6090
Greece	216.48-221.13	151.86-155.04
H'kong	11.1175-11.1275	7.8000-7.8020
Iran	121.50*	85.60*
Kuwait	0.4165-0.4175	0.29250-0.29240
Lux'borg	75.30-75.40	52.75-52.85
Malay'sia	3.4695-3.4775	2.4340-2.4380
N'Z'land	2.4845-2.4945	1.7420-1.7465
Saudi Ar	5.2050-5.2100	3.6505-3.6512
Sin'pore	3.0120-3.2190	2.1130-2.1160
S.Af.(Cm)	3.8310-3.8410	2.6855-2.6940
S.Af. (Fn)	4.8340-5.0040	3.3900-3.5090
U.A.E.	5.2350-5.2420	3.6720-3.6730

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.6088	−2.50	+0.44	±1.5425
Danish Krone	8.12857	7.98318	−1.79	−2.85	±1.6421
German D-mark	2.23840	2.20799	−1.36	−0.42	±1.1455
French Franc	6.86402	6.72874	−1.97	−1.03	±1.3654
Dutch Guilder	2.52208	2.48686	−1.40	−0.46	±1.5162
Irish Punt	0.724578	0.714176	−1.44	−2.50	±1.6673
Italian Lira	1520.60	1492.03	−1.88	−1.71	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Prices fall

Prices fell on the London International Financial Futures Exchange yesterday. London gilt futures fell a full point, with a US commission house noted as a particularly heavy seller. There was no news on the domestic front to prompt the move out of gilts, and many operators in the market were taken by surprise with the sudden fall. It was suggested that another rise in Japanese interest rates is feared, with possible adverse results for gilts, and Government bonds in other countries.

December gilts opened at 111-22, almost at the day's high of 111-23, and little changed from Wednesday's close of 111-21. The contract closed at the day's low of 110-21.

Weakness in the gilt pit spilled over into short sterling deposits, which also closed at or around the lows, in spite of a good performance by the pound on the foreign exchanges.

Most volume in sterling deposits is now in March delivery, which fell to 88.95 from 89.01, after touching a low of 88.94.

Weakness in sterling denominated contracts may have also flowed from the decline in cash and futures prices in US Treasury bonds. This followed the approval by Congress of a bill to prevent default on payments by the Federal authorities, and allowing the Treasury to borrow up to $80bn. The increase in the debt ceiling is only until December 6, but in allowing the Treasury to raise new money will relieve the shortage of paper in the market. December Treasury bonds fell to 79-28 from 80-07, after opening at 80-05. The fall of 3.3 per cent in October US retail sales was towards the larger end of market estimates, but produced only a very temporary rally. Excluding very depressed car sales, the figure rose 0.5 per cent. Eurodollar futures followed the lead from bonds, with December delivery falling to 92.01 from 92.05.

STERLING INDEX

	Nov 14	Previous
8.30 am	79.5	79.3
9.00 am	79.6	79.1
10.00 am	79.6	79.2
11.00 am	79.6	79.3
Noon	79.6	79.3
1.00 pm	79.5	79.4
2.00 pm	79.6	79.4
3.00 pm	79.6	79.4
4.00 pm	79.6	79.5

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4275	1.4238	1.4156	1.4058	1.3903

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4220	1.4256	1.4200	1.4225
March	1.4110	1.4150	1.4096	1.4110
June	1.4015	1.4020	1.4010	1.3970

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4220	1.4225	1.4213	1.4190
March	1.4105	—	—	1.4077
June	1.4010	1.4020	1.4020	1.3982

Estimated volume 43 (162)
Previous day's open int 3,968 (3,955)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3834	0.3843	0.3838	0.3838
March	0.3864	—	—	0.3868
June	0.3894	—	—	0.3898

Estimated volume 12 (8)
Previous day's open int 426 (421)

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

THREE-MONTH STERLING £500,000 points of 100%

FT-SE 100 INDEX £25 per full index point

THREE-MONTH EURODOLLAR $1m points of 100%

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	Calls—Last March	Calls—Last June	Vol	Puts—Last Dec	Puts—Last March	Puts—Last June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	0.80	—	20
1.35	—	—	—	—	—	2.00	—	1
1.40	2.00	—	5.30	177	1.00	3.85	5.90	467
1.45	0.75	2.80	—	801	—	—	—	—
1.50	—	1.45	—	1,410	—	—	—	—

CHICAGO

US TREASURY BONDS 8% $100,000 32nds of 100%

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

US TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

MONEY MARKETS

London rates slightly higher

Interest rates had a slightly firmer tone on the London money market yesterday. Trading remained quiet and cautious, with dealers seeing little prospect of any early decline in the rate structure. Three-month interbank closed at 11$\frac{7}{16}$-11$\frac{9}{16}$ per cent, compared with 11⅜-11½ per cent, and discount houses buying rates for three-month bank bills rose to 11$\frac{7}{16}$ per cent from 11¼-11$\frac{5}{16}$ per cent.

The Bank of England initially forecast a market shortage of £550m, but changed this to £600m at noon and to £700m in the afternoon. Total help provided by the authorities was £556m, mainly through outright purchases of bank bills in all four dealing bands.

Before lunch the Bank of England bought £140m bills outright, by way of £124m bank bills in band 2 at 11$\frac{7}{16}$ per cent; £4m bank bills in band 3 at 11⅜ per cent; and £12m bank bills in band 4 at 11$\frac{7}{16}$ per cent.

In the afternoon another £316m bills were purchased outright, through £93m bank bills in band 1 at 11½ per cent; £175m bank bills in band 2 at 11$\frac{7}{16}$ per cent; £19m bank bills in band 3 at 11⅜ per cent; and £29m bank bills in band 4 at 11$\frac{7}{16}$ per cent.

Late assistance of £110m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £371m, with the unwinding of repurchase agreements absorbing £165m; a rise in the note circulation of £15m; and bank balances below target another £50m. These outweighed Exchequer transactions adding £60m to liquidity.

In Frankfurt call money fell to 4.45 per cent from 4.525 per cent. Banks were said to be well supplied with liquidity, and the payment of salaries to employees in the public sector, including Christmas bonuses, in the near future is expected to keep conditions comfortable.

In New York Federal funds were soft, at around 7¾ per cent before lunch, and as expected the Federal Reserve did not intervene in the market.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed. funds	7⅞
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.94
Two month	7.29
Three month	7.57
Six month	7.74
One year	7.89
Two year	8.50
Three year	8.92
Four year	9.15
Five year	9.34
Seven year	9.65
10 year	9.84
30 year	10.12

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 14)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Nov. 14	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-14	11-11½	11⅜-11½	11$\frac{7}{16}$-11$\frac{9}{16}$	11$\frac{7}{16}$-11$\frac{9}{16}$	11½-11$\frac{5}{8}$
Sterling CDs	—	—	11⅜-11½	11⅜-11½	11$\frac{7}{16}$-11½	11$\frac{7}{16}$-11$\frac{9}{16}$
Local Authority Depos	11½-11¾	11-11½	11⅜	11⅜	11$\frac{7}{16}$	11$\frac{7}{16}$
Local Authority Bonds	—	—	12	12	11⅞	11⅞
Discount Mkt Depos	—	11-11¼	11⅜	11¼	—	—
Company Depos	10½-12	11¼-11⅜	11⅜	11⅝	—	—
Finance Hse Depos	—	—	11$\frac{7}{16}$	11$\frac{7}{16}$	11⅝	11$\frac{7}{16}$
Treasury Bills (Buy)	—	—	11$\frac{5}{16}$	11$\frac{1}{4}$	—	—
Bank Bills (Buy)	—	—	11½	11$\frac{7}{16}$	10$\frac{15}{16}$	—
Fine Trade Bills (Buy)	—	—	11$\frac{13}{16}$	11$\frac{13}{16}$	11$\frac{3}{8}$	—
Dollar CDs	—	—	7.85-7.95	7.85-7.95	7.85-7.95	8.05-8.15
SDR Linked Depos	—	—	7¾-8	7$\frac{13}{16}$-8⅛	7$\frac{13}{16}$-8⅛	7$\frac{13}{16}$-8⅛
ECU Depos	—	—	8-8¼	8⅛-8⅜	8$\frac{1}{16}$-8⅜	8⅛-8⅜

Treasury Bills (sell): one-month 11$\frac{5}{32}$ per cent; three months 11½ per cent; Bank Bills (sell): one-month 11$\frac{3}{32}$ per cent; three-months 11⅜ per cent. Treasury Bills: Average tender rate of discount 11.1393 per cent. ECGD fixed finance scheme IV reference rate: October 2 to November 5 (inclusive): 11.608 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 8.25-8.625 per cent (net). Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11⅛ per cent; nine-12 months 11⅛ per cent. Under £100,000 10½ per cent from November 12. Deposits held under Series 5 11⅛ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Nov. 14	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Interv'ntion
Frankfurt	4.40-4.50	4.3-4.7	4.75-4.85	4.75-4.85	4.80-4.90	0.5
Paris	8⅛	9½-9⅝	9$\frac{1}{16}$-9$\frac{3}{16}$	9⅛-9¼	9⅛-9¼	8⅛
Zurich	3¾-1¼	3-3½	—	3⅞-4⅛	—	—
Amsterdam	[illegible]	[illegible]	—	5$\frac{11}{16}$-5$\frac{13}{16}$	5⅞-6	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 13, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of November 13 at 11.00 a.m.
3 months: 8$\frac{1}{16}$ 6 months: 8$\frac{1}{16}$

ECU=$US.845513 SDR1=$US1.07669
Sibor as of November 13 at 11.00 a.m.
3 months: 8$\frac{1}{16}$ 6 months: 8$\frac{1}{16}$

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	60.60
Albania	Lek	7.1058
Algeria	Dinar	4.865
Andorra	Fr. Franc	7.9505
	Sp. Peseta	160.70
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.801
Australia	Dollar	1.5015
Austria	Schilling	18.07
Azores	Port. Escudo	163.05
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.9505
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, f)	3.425
Guinea Bissau	Peso	170.479
Guinea Rep	Syli	22.9871
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	555.00
Peru	Sol (o) (2)	13942.
Philippines	Peso	18.715
Pitcairn Is.	N.Z. Dollar	1.7507
Poland	Zloty (o)	150.14
Portugal	Escudo	165.05
PuertoRico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	7.9505
Romania	Leu (o)	4.07
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * US dollars per National Currency unit. (a) Freemarket central bank. (b) Official rate. (d) Freemarket interbank. (c) Commercial rate. (f) Freemarket. (e) Controlled. (g) Financial rate. (h) Preferential rates. (i) Non-essential imports. (l) Floating tourist rate. [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101½	99⅛	Exch. 11¼pc '86	99⅞	.....	[illegible]	11.39
99⅞	10	Treas. 10pcCnv 1986	99½	.....	[illegible]	11.22
96½	92⅛	Treas 3pc 1986	96⅛xd	.....	[illegible]	10.97
100	97½	Exch. 10½pc Cv '86	99⅞xd	.....	[illegible]	11.25
101⅞	99¼	Treas 12pc 1986	100½xd	.....	[illegible]	11.20
98½	94¼	Treas 8½pc 1984-86‡‡	98⅛	.....	[illegible]	11.27
105⅜	102⅛	Exch 14pc 1986	102⅞	.....	[illegible]	11.20
94½	87⅝	Exch. 2½pc 1986	94¼xd	.....	[illegible]	8.39
104⅞	101⅛	Exch. 13¼pc 1987	102⅞	–⅛	[illegible]	11.22
99⅞	96⅛	Treas 10¼pcCv '87	99	.....	[illegible]	11.04
95⅛	85½	Exch 2½pc 1987	92⅞	–⅛	[illegible]	0.70
100⅛	96⅛	Exch. 10½pc 1987	99⅛	–⅛	[illegible]	11.02
95⅛	89	Funding 6½pc '85-87‡‡	94⅞	.....	6.85	10.39
99⅛	95½	Treas. 10pc 1987	98⅞xd	.....	10.13	10.97
91⅛	94⅛	Treas 3pc 1987	91⅞	.....	3.29	8.85
102⅞	99⅛	Treas. 12pc 1987	101⅞	–⅛	11.79	10.94
95⅛	90⅛	Treas 7¾pc 1985-88‡‡	94⅛	.....	8.21	10.61
100⅛	95⅛	Exch 10½pc '88	99⅛	–⅛	10.57	10.84
98⅛	93⅛	Treas 9¾pc Cv '88	97½xd	–⅛	10.00	10.91
87⅛	80	Transport 3pc '78-88	86⅞	.....	3.45	8.69
97⅛	91½	Treas. 9½pc '88	96⅞	–⅛	9.84	10.89
102⅛	97½	Treas 11½pc 1989	101⅞	–⅛	11.31	10.83
97⅛	90⅛	Treas 9½pc Cnv. '89	96⅛	–⅛	9.86	10.81
84	79	Treas 3pc 1989	83⅞xd	.....	3.58	8.42
99⅛	94	Treas 10½pc 1989	98½xd	–⅛	[illegible]	10.82
98⅛	92	Exch 10pc 1989	97⅛	–⅛	[illegible]	10.86
101⅛	95	Exch 11pc 1989	100⅛	–⅛	[illegible]	10.84
86⅛	79	Treas 5pc 1986-89	85⅞	.....	[illegible]	9.57
108⅞	103⅛	Treas 13pc 1990‡‡	107⅛	–⅛	[illegible]	10.67
101⅛	96⅞	Exch 11pc 1990‡‡	100⅞	–⅛	[illegible]	10.79
108⅛	100⅛	Exch. 12½pc 1990	105⅞	–⅛	[illegible]	10.75
80⅞	75⅛	Treas. 3pc 1990‡	80⅛	–⅛	[illegible]	8.27
93⅛	87⅛	Treas 8¼pc 1987-90‡‡	91⅞xd	–⅛	[illegible]	10.53
101⅛	91⅛	Treas 10pcCv 1990	97⅛	–⅛	[illegible]	10.77
		Five to Fifteen Years				
108⅛	97⅛	Treas 11¾pc 1991	107⅛	–¼	11.38	10.88
87⅛	80	Funding 5¾pc '87-91‡‡	86⅛	–¼	6.69	9.09
105⅛	95	Exch. 11pc 1991	101⅛	–¼	10.92	10.82
113⅛	101⅛	Treas 12¾pc 1992‡‡	112	–½	11.81	10.92
100	88⅛	Treas. 10pc 1992	98⅛	–½	10.37	10.78
104	94⅛	Treas 10½pc Cv 1992‡‡	98⅛	–½	10.66	10.83

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 38 (International Edition Page 36)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest subsides and equity leaders finally bow to light profit-taking

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip industrials finally succumbed to profit-taking after spending much of yesterday consolidating the sharp advance of the previous trading session. Throughout the morning trade, the FT Ordinary share index stayed within a couple of points of Wednesday's record level but it slipped progressively during the afternoon to close 7.7 down at the day's lowest of 1081.1.

The possibility that interest rates could remain at current high levels for some time called for a more cautious approach to the market. Any further response to the Chancellor's optimistic view of both the economy and inflation was thus muted, but investors showed little desire to sell stock.

Special situations began to dominate proceedings with interest focussing sharply on Electrical issues. Hopes that Plessey would turn the tide for the sector, which has suffered many misfortunes this year, were dashed when the group announced second-quarter profits well below expectations. Only Plessey were affected initially but the dullness spread later to encompass leaders in other market areas. Plessey closed 6 down at 134p but were changing hands at 126p late in the evening.

The interest rate factor unsettled Government securities. Traders also began to worry about the authorities' funding tactics—the remainder of the tranche of Conversion 9½ per cent 2005 was sold on Wednesday at a surprisingly low price —so there were few buyers operating. After the previous day's technical rally, a mood of depression set in and prices weakened on persistent small sales. The longs bore the brunt of business and selected high-coupon maturities settled ⅜ lower. Index-linked stocks recorded similar losses, but conventional shorts were only ⅛ or so easier.

Exco International remained volatile and touched 240p before settling 11 up on balance at 228p. Confirmation that the Kuwait Investment Office had bought British and Commonwealth's stake in Exco was quickly followed by surprise news that the stake had changed hands once again. Brokers James Capel, acting on behalf of Malaysian businessman Tan Sri Teck Puat, acquired the 53m Exco shares at 224p each, increasing the later's interest to around 25 per cent.

Royals advance

Royal Insurance responded to the much better-than-expected third-quarter profits with a leap of 33 to 763p, after 768p. General Accident firmed 10 more to 730p following comment on the impressive nine-month results, but Commercial Union fell 10 to 243p after adverse comment in the wake of the quarterly figures.

Clearing banks turned easier after their recent good run. Sporadic profit-taking left NatWest, at 693p, and Midland, at 443p, down 10 apiece, while Barclays relinquished 7 at 446p and Lloyds softened a couple of pence to 498p. Elsewhere, Mercury Securities, in which Mr Saul Steinberg's Reliance Group recently acquired a 10 per cent stake, improved 5 at 680p.

Oil and gas group Inoco made a quiet market debut; the shares, offered at 55p, opened at 52p and settled at 53p.

Regional Breweries continued to give ground in the wake of the Monopolies Commission proviso that any future takeover attempts in the sector will be subject to investigation. Prices improved slightly after-hours, but losses still ranged to 8 as in Wolverhampton and Dudley at 355p. Vaux fell 5 more to 358p, while Greene King closed a similar amount off at 215p, after 213p. Burtonwood dipped 25 to 485 following the interim statement. Elsewhere, Distillers eased a few pence to 473; the company has confirmed that its interim results will be announced next Thursday.

French Kier provided one of the day's outstanding movements, advancing to 255p before closing a net 21 higher at 245p, following the acquisition by C. H. Beazer of Trafalgar House's 25.7 per cent holding in FK and subsequent share-exchange offer from Beazer for French Kier, currently worth 233p per share. On the announcement, C. H. Beazer reacted to 482p before settling 14 lower on balance at 488p; Trafalgar House improved 5 to 377p. Elsewhere in the Building sector, M. J. Gleeson gained 8 to 264p in reply to the good annual results, but George Wimpey lacked support and shed 4 to 128p, while Taylor Woodrow lost the same amount to 531p.

ICI, a particularly firm market on Wednesday, drifted back in the absence of further support to close 9 cheaper at 691p. Laporte gave up 6 to 352p and Foseco softened 4 to 219p. Elsewhere, Leigh Interests attracted speculative support amid vague rumours that a stake had changed hands and the close was 15 higher at 116p; the half-year results are due on November 25. British Benzol firmed 1½ to 25p on news that Temple Investment and Finance, a company controlled by Mr A. Ferguson, a non-executive director of British Benzol, had acquired a 4.4 per cent stake. Novo Industries B rose a point to £18½ in response to better-than-expected third-quarter figures.

FINANCIAL TIMES STOCK INDICES

	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 8	Nov. 7	year ago
Government Secs	82.93	†83.33	83.25	83.27	83.29	83.52	83.21
Fixed Interest	88.72	88.81	88.83	89.06	89.10	89.34	86.13
Ordinary ♥	1081.1	1088.8	1074.5	1070.3	1088.5	1073.6	911.6
Gold Mines	263.9	266.8	257.4	255.2	245.2	238.3	581.2
Ord. Div. Yield	4.45	4.42	4.48	4.48	4.44	4.47	4.68
Earnings, Yld. % (full)	11.04	10.96	11.11	10.99	10.89	10.97	11.87
P/E Ratio (net) (*)	11.13	11.25	11.10	11.25	11.36	11.28	10.63
Total bargains (Est.)	23,331	23,273	25,304	26,390	25,920	25,552	21,657
Equity turnover £m.	—	544.14	485.61	423.37	594.88	569.71	285.45
Equity bargains	—	23,749	22,741	24,350	27,073	25,274	16,883
Shares traded (ml)	—	285.9	212.2	200.2	280.8	255.9	178.2

♥ 10 am 1087.1. 11 am 1086.5. Noon 1086.4. 1 pm 1084.8. 2 pm 1084.3. 3 pm 1083.1. 4 pm 1081.2.

Day's High 1088.2. Day's Low 1080.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.76.

† Corrected.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (23/10)	82.17 (28/1)	150.4 (28/11/47)	50.05 (3/1/75)
Ordinary	1088.8 (13/11)	911.0 (25/7)	1088.8 (13/11/85)	49.4 (26/6/40)
Gold Mines	530.2 (15/4)	217.0 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov 10	Nov 12
Daily Gilt Edged Bargains	132.1	141.0
Equities Bargains	155.2	147.3
Equities Value	1099.8	981.5
5 day Average Gilt Edged Bargains	131.8	130.5
Equities Bargains	159.8	160.3
Equities Value	1066.4	1075.2

Leading Retailers, relatively buoyant of late amid persistent hopes of a Christmas spending spree, paused for breath as short-term operators took the opportunity to liquidate positions. Despite a favourable press mention, Burton dipped 12 to 583p; the preliminary results are scheduled for next Thursday. Gussies A eased 6 to 874p, while Habitat Mothercare, due to reveal first-half figures early next month, fell 4 to 516p. Mail-orders also reacted to sporadic selling with Empire 4 cheaper at 154p. Grattan and Freemans both lost 6 to the common level of 370p. In contrast, secondary Stores provided some noteworthy gains. H. Samuel A advanced 7 to 86p following a broker's visit, while a useful two-way business developed in A. Goldberg which improved 5 to 88p reflecting further consideration of the interim results. Buyers also displayed fresh enthusiasms for Martin Ford, 4 up at 65p, a gain of 11 so far this week, and for Austin Reed A, 10 higher at 162p.

Plessey's disappointing second-quarter figures unsettled other leading Electricals. Racal fell 8 at 130p and Thorn EMI lost 5 at 397p. Elsewhere, Acorn Computer rallied smartly in the wake of the annual report and closed 15 to the good at 46p. George H. Scholes were favoured after the annual meeting and ended 23 up at 460p, while Logica improved 4 to 118p to the accompaniment of vague talks of possible bid from British Telecom, a penny easier at 192p.

Investors favoured Babcock in Engineerings and the close was 8 higher at 164p. Speculative support was also forthcoming for D. F. Bevan, 4 better at 30p, and Porter Chadburn, 5 dearer at 290p, while Tex Abrasives moved up 5 to 85p. Davy Corporation hardened a penny to 116p, after 117p, as hopes of a bid from Trafalgar House revived following the latter's sale of its stake in French Kier. Renold gained 1½ to 66½p, but Wednesday's speculative favourite C. H. Bailey softened 1¾ to 27¾p on profit-taking; it was announced yesterday that TIFA AG had increased its stake in Bailey to over 11 per cent. GEI came on offer at 92p, down 6, while ML closed the same amount lower at 327p.

Leading Foods turned easier as interest faded. Cadbury Schweppes softened a couple of pence to 146p and Tate and Lyle were a shade off at 538p. Tesco opened around 10 lower following comment on the interim results, but subsequently picked up to close only 5 down on balance at 290p. Tin trading worries continued to plague S. & W. Berisford which lost 5 to 155p, but fresh support lifted Somportex 7 to a new peak of 172p.

Grand Metropolitan touched 380p prior to closing a net 8 up at 378p on confirmation that the group is negotiating the sale of Mecca Leisure and Warner Holidays interests. Ladbrokes, still reflecting the Manhattan Tower office lettings, hardened 2 more to 332p, but Trusthouse Forte, a good market on Wednesday on vague US bid rumours, softened a penny to 154p.

Among television issues, LWT A shed 8 to 275p following the annual results.

Motor Components were subject to fresh profit-taking. Lucas dipped 7 to 468p, while Automotive Products fell a similar amount to 95p. Distributors, however, made progress where altered. Revived takeover speculation lifted Kenning 10 to 150p, after 153p.

Press reports that Rank Organisation had bid £100m for Grand Metropolitan's leisure and holiday interests left the former 12 down at 465p. Among other easier miscellaneous industrial majors, BTR dropped 11 to 375p and Reed International relinquished 15 to 674p on profit-taking, while Glaxo closed ¼ cheaper at £15¼. Elsewhere, Brammer jumped 22 to 365p on news of the sale by its subsidiary, Energy Services, of Neve Audio to Siemens. Speculative buying left Bridport Gundry 7 up at 143p and Thomas Jourdan 6 to the good at 136p, while Pentland revived with a gain of 10 at 340p. Burns Anderson reflected vague takeover speculation with a rise of 3 to 62p, but LCP lost 6 to 115p following the disappointing interim results. Dalgety remained overshadowed by the Tin crisis and dropped 13 to 423p, while Pearson gave up 10 at 353p and Associated British Ports cheapened 6 at 382p.

Properties encountered scrappy selling as interest rate optimism waned. Land Securities lost 5 at 318p, as did MEPC, at 305p. Great Portland Estates gave up 4 to 164p, while Haslemere Estates shed 10 to 520p. Against the trend, Regalian attracted fresh support following comment on the excellent interim results and rose 10 to 370p, a two-day rise of 60. Abaco, still excited by the British and Commonwealth stake in the company and the appointment of Mr John Gunn to the board, added a penny more to a 1985 peak of 23p. Renewed support lifted Marler Estates 8 to 195p.

Among generally firmer Textiles, David Dixon attained a 1985 peak of 238p before settling another 6 higher on balance at 236p; the mid-term results are scheduled for November 26. John Foster hardened 4 to 80p in reply to the interim profits recovery, while revived speculative demand prompted similar rises for Don Brothers Buist, 140p, and British Mohair, 122p.

In Financials, Henderson Administration, a rising market in recent weeks, fell back 70 to 940p on the interim results.

Oils below best

A further strengthening of North Sea oil spot prices helped recently-overlooked oils move ahead during early trading. However, profit-taking and the decline in other equity sectors took much of the shine off the leaders which closed well below the day's best levels. BP touched 560p early on before ending the day 4 firmer at 557p, while Britoil closed a net 5 up at 215p, after 218p. Ultramar put on a like amount to 215p on further consideration of the third quarter results. Interest in second-line oils was minimal. Premier Consolidated added a couple of pence at 34p and encouraged support for Carless Capel—holder of a 14.9 per cent stake in Premier —which advanced 5 to 105p.

The six-day recovery movement in South African Golds was halted by a disappointing showing by Golds and the bullion price in overnight US markets. Bullion traded around the $325.5 level throughout the session and eventually settled a net 75 cents easier at $325.75. Gold shares were persistently sold in the US overnight and opened in London with widespread falls. Interest was at a low ebb for much of the session, when prices tended to drift, but picked up after-hours in the wake of a fresh bout of buying interest which mainly emanated from the Continent. At the close, the majority were above the day's lows, but still showed small losses on balance. The Gold Mines index dipped 4.9 to 263.9.

Heavyweights posted falls ranging to around £2, as in Vaal Reefs, £41¾, and Randfontein, £48¾, but losses were generally restricted to ½ or so.

Financials performed similarly to Golds. In the South African sector, profit-taking lowered Anglo American Corporation 20 to 730p and left De Beers 5 off at 295p, while "Amgold" dipped £2 to £41.

Australian mines were the only sector to move ahead in generally depressed Sydney and Melbourne markets overnight. Dealers marked prices a shade higher at the outset, but little demand was forthcoming and quotations generally closed the session with minor improvements on balance. CRA hardened 4 to 262p and Peko-Wallsend were 2 up at 240p. Golds provided a handful of firm spots in Central Norseman, which rose 10 to 338p. Sons of Gwalia, 5 better at 159p and Carr Boyd which put on 3 to 82p. ACM, on the other hand, eased 3 to 84p on further consideration of the proposed merger with Austamax.

Demand for Traded Options improved sharply. Total contracts transacted amounted to 16,937 comprising 13,272 calls and 3,665 puts. Once again, business was well spread throughout the list with current favourite Courtaulds attracting 1,219 calls. Commercial Union were active lively with 1,350 calls done in the wake of Wednesday's third-quarter figures.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	92	16
Corpns Dom & Foreign Bonds	13	24	45
Industrials	244	327	919
Financial & Props	103	120	341
Oils	26	21	81
Plantations	1	2	14
Mines	39	53	95
Others	39	100	83
Totals	464	740	1,594

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abaco Investments	23	+ 1
Bailey (C. H.)	27¾	− 1¾
Collins (Wm.) "A"	315	+ 5
Commercial Union	243	−10
Exco International	228	+11
French Kier	245	+21
Grand Metropolitan	378	+ 8
ICI	691	− 9
Plessey	134	− 6
Royal Insurance	763	+33
Tesco	290	− 5
Trafalgar House	377	+ 5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
ICI	27	700	+23
Bailey (C. H.)	22	29½	+ 4½
Logica	22	114	− 3
Exco Intnl.	20	217	− 3
Glaxo	18	£15½	+ 0¼
Abaco Invests.	17	22	+ 5
Bunzl	15	525	+28
Comm. Union	15	253	—
Cns. Gld. Flds.	15	500	+13
Royal Insce.	13	730	+20
Fisons	14	428	+17
Tsthouse. Forte	14	155	+ 0

EUROPEAN OPTIONS EXCHANGE

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. u Forecast otherwise indicated. § Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4). (a). † Units comprising 5 ordinary shares and 1 warrant.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (100)
LOANS (2)
BANKS (3)
BUILDINGS (6)
CHEMICALS (5)
STORES (5)
ELECTRICALS (3)
ENGINEERING (4)
FOODS (2)
HOTELS (2)
INDUSTRIALS (13)
INSURANCE (1)
MOTORS (1)
NEWSPAPERS (1)
PROPERTY (7)
SHOES (2)
TEXTILES (2)
TRUSTS (38)
OVERSEAS TRADERS (3)
SHIPPING (1)
Sea Containers
TRUSTS (2)
Argo. Invs. Japan Assets Trust
OILS (1)
E.R.I.C.
OVERSEAS TRADERS (1)
Sime Darby
PLANTATIONS (1)
Anglo-Indonesian
MINES (3)
Greenwich Resources Pan Pacific Pet. Malaysia Mining

NEW LOWS (20)
BRITISH FUNDS (2)
Treas. 10pc 2001 (£40 pd.) Treas. 2½pc I.L. 2013
AMERICANS (1)
Derma-Lock Medical
BANKS (1)
Cater Allen
CHEMICALS (1)
Amersham Intnl.
STORES (1)
House of Lerose
ELECTRICALS (7)
Apricot Computer, Pencom, Datron Intnl., Prestwick, Memcom Intnl., Telemetrix, Micro Bus. Systems
ENGINEERING (1)
Wyndham
FOODS (1)
Berisford (S. & W.)
INDUSTRIALS (2)
Rolfe & Nolan, Tinsley (Eliza)
LEISURE (1)
Intnl. Leisure
PROPERTY (1)
Lend Lease

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17

For rate indications see end of Unit Trust Service

Call options were taken out in Abaco, Blacks Leisure, Southend Stadium, West Coast, Brunswick, British Benzol, Polly Peck, Energy Capital, Bristol Channel Ship Repairers, Premier Oil, Bio-Isolates, STC, United Biscuits, FKI Electricals, Coronation Syndication, Newmon Industries and Lasmo. A put was done in C. H. Bailey, while a double was transacted in Driefontein.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*558)	500	70	78	—	4	12	—
	550	22	38	45	14	33	40
	600	10	13	25	45	50	60

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*430)	390	43	56	58	2	5	10
	420	15	52	38	3	14	22
	460	0½	14	20	32	35	40

November 14 Total contracts 16,937 Calls 13,272 Puts 3,665
*Underlying security price

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

WORLD STOCK MARKETS

AUSTRIA

Nov. 14	Price Sch %	+ or —
Creditanst'lt ppd	378	+5
Goesser	498	+8
Interunfall	1,520	......
Laenderbank	555	+4
Perlmooser	590	——
Stey Daimler	172	......
Veitscher Mag	770	+10

BELGIUM/LUXEMBOURG

Nov. 14	Price Frs.	+ or —
B.B.L.	2,500	-30
Banq. Gen. Lux	8,750	——
Banq. Int.A.Lux	8,100	——
Bekaert	8,610	+10
Ciment CBR	2,800	-20
Cockerill	210	-2
Delhaize	6,800	+100
EBES	4,030	+125
Electrobel	11,300	+60
Fabrique Nat.	2,220	-160
GB Inno BM	6,250	—50
GBL (Brux)	9,710	+15
Gevaert	4,850	+45
Hoboken	6,710	-90
Intercom	2,925	+25
Kredietbank	11,900	-106
Pan Hldgs	9,750	......
Petrofina	7,000	......
Royale Belge	17,700	......
Soc. Gen. Banq.	4,500	......
Soc. Gen. Belge	2,395	—5
Sofina	6,500	......
Solvay	5,880	+60
Stanwick Intl	1,170	......
Tractionel	6,040	+50
UCB	5,490	+110
Wagon Lits	4,350	-70

DENMARK

Nov. 14	Price Knr %	+ or —
Andelsbanken	328	+4
Baltic Skand	565	......
Cop Handelsb'nk	332	+2
D. Sukkerfab.	480	......
Danske Bank	378	+3
De Danske Luft.	1,480	......
East Asiatic	241	—4
Forenede Brygg.	1,075	......
Forenede Damp.	232	—5
GHT Hld	230	[illegible]

GERMANY

Nov. 14	Price Dm.	+ or —
AEG	222.2	-3.8
Allianz Vers	1,717	—52
BASF	254.5	—0
Bayer	244.7	—8.3
Bayer-Hypo	434.5	-12.5
Bayer-Verein	425	—10
BHF-Bank	424	—5
BMW	575.5	-27.5
Brown Boveri	286	—3
Commerzbank	251	-11.6
Cont'l. Gummi	154.2	—7
Daimler-Benz	1,143	—37
Degussa	450	—12
D'sche Babcock	205	-14
Deutsche Bank	690.5	-20.5
Dresdner Bank	328	-9.5
GHH	215.5	-4.5
Henkel	401	—8
Hochtief	770	......
Hoechst	242.2	-5.8
Hoesch Werke	159	—6
Holzmann (P)	475	—5
Horten	202	—6
Hussel	368	......
Karstadt	281	—9
Kaufhof	311	—2
KHD	317	—17
Kloeckner	91.2	—4.3
Linde	363	—24
Lufthansa	218	—1
MAN	195.5	-2.5
Mannesmann	256	—7.8
Mercedes Hld	1,031	—47
Metallgesell	280	—30
Muench Rueck	2,100	—60
Nixdorf	535	—25
Porsche	1,225	—20
Preussag	242	—8
Rhein West Elect	198.5	—4.5
Rosenthal	302	——
Schering	629	—13
Siemens	636	—18
Thyssen	166.6	—8.2
Varta	282	—10
Veba	261.5	—8.5
V.E.W.	142	—0.7
Verein-West	350	—6
Volkswagen	396.1	—18.9

ITALY

Nov. 14	Price Lira	+ or —
Banco Com'le	25,700	-360

NORWAY

SPAIN

SWEDEN

SWITZERLAND

NETHERLANDS

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

FRANCE

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 39

CANADA

TORONTO

Prices at 2.30pm November 14

Total Sales 2,929,941 shares

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices November 13

Indices

NEW YORK-DOW JONES

	Nov 14	Nov 13	Nov 12	Nov 11	Nov 8	Nov 7	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,434.29*	1,427.75	1,433.60	1,431.88	1,404.38	1,398.54	1433.60 (12/11)	1184.96 (4/1)	1433.60 (12/11/85)	41.22 (2/7/32)
Transport	688.45*	690.01	684.11	680.88	678.14	675.30	702.6 (11/7)	553.03 (4/1)	702.60 (11/7/85)	12.32 (8/7/32)
Utilities	168.03*	164.80	165.32	164.78	161.83	160.70	168.81 (12/7)	146.54 (4/1)	168.81 (12/7/85)	10.5 (28/4/42)
Trading vol	–	–	–	128.5m	114.8m	118.8m	–	–	–	–

	Nov 8	Nov 1	Oct 25	Year Ago (Approx)
Ind Div Yield %	4.49	4.54	4.54	4.78

STANDARD AND POORS

	Nov 14	Nov 13	Nov 12	Nov 11	Nov 8	Nov 7	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	220.29*	218.05	219.63	218.01	214.99	213.65	219.63 (12/11)	178.20 (4/1)	219.63 (12/11/85)	3.62 (30/6/32)
Composite	198.45*	197.18	198.08	197.29	193.72	192.62	198.08 (12/11)	163.68 (4/1)	198.08 (12/11/85)	4.40 (1/6/32)

	Oct 30	Oct 22	Oct 16	Year Ago (Approx)
Ind div yield %	3.71	3.73	3.75	4.03
Ind. P/E Ratio	12.71	12.68	12.54	10.69
Long Gov Bond Yield	10.22	10.35	10.58	11.58

N.Y.S.E. ALL COMMON

Nov 14	Nov 13	Nov 12	Nov 11	1985 High	1985 Low
114.45*	113.79	114.33	113.92	114.53 (12/11)	94.60 (4/1)

RISES AND FALLS

	Nov 13	Nov 12	Nov 11
Issues traded		2,039	1,998
Rises		1,086	1,220
Falls		564	389
Unchanged		389	372

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Beatrice Co	3,347,000	46½	+ ⅛
Ford Motor	2,170,200	50½	+1½
Philips Pet	1,809,100	13⅝	+ ⅜
ATT	1,675,100	21⅞	+ ⅛
Baxter Lab	1,348,600	13½	+ ⅛
Allied Sig	1,263,500	45⅝	+1
Amax	1,108,200	11⅛	+ ⅛
Comm Ed	1,096,200	29⅞	+ ⅛
IBM	987,100	135⅝	+ ⅝
Gen Mot E	903,400	46½	+ ⅛

Advances 915 · Declines 611

TORONTO

	Nov 14	Nov 13	Nov 12	Nov 11	1985 High	1985 Low
Metals & Minls	1,875.3*	1,865.9	1,865.5	1,898.75	2198.7 (13/2)	1796.4 (23/10)
Composite	2,784.5*	2,772.6	2,785.3	2,773.46	2818.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	135.19*	134.84	135.51	134.98	138.33 (19/7)	117.80 (4/1)

* Indicates pre-close figure

World indices

	Nov. 14	Nov. 13	Nov. 12	Nov. 11	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	1009.9	1010.5	1025.5	1051.7	1052.2 (25/10)	715.8 (7/1)
Metals & Minls. (1/1/80)	501.0	500.0	504.0	510.2	568.8 (20/5)	452.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	104.38	105.29	101.77	100.06	105.15 (17/5)	58.21 (28/1)
BELGIUM						
Brussels SE (5/1/80)	2515.99	2885.78	2867.06	(c)	2915.99 (14/11)	2090.1 (10/1)
DENMARK						
Copenhagen SE (3/1/83)	229.90	229.06	229.80	(u)	237.57 (24/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	251.8	251.0	230.2	(c)	255.1 (31/5)	180.9 (2/1)
Ind Tendance (28/12/84)	133.10	131.5	132.4	(e)	133.5 (13/11)	100.1 (8/1)
GERMANY						
FAZ Aktien (31/12/58)	575.25	589.84	594.58	588.46	600.44 (4/11)	382.39 (5/1)
Commerzbank (1/12/53)	1695.4	1742.2	1760.5	1742.9	1781.4 (4/11)	1111.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1745.14	1747.18	1730.15	1722.40	1747.18 (13/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	409.61	407.06	404.50	404.60	417.57 (4/11)	228.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	12580.5	12716.5	12735.1	12821.3	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	991.32	1000.10	1004.25	1010.19	1057.55 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	232.1	233.1	233.8	232.5	233.6 (12/11)	185.8 (8/1)
ANP-CBS Indust (1970)	208.8	210.5	211.8	218.5	211.5 (12/11)	147.5 (8/1)
NORWAY						
Oslo SE (4/1/83)	389.17	406.78	412.88	400.53	412.88 (12/11)	286.16 (2/1)
SINGAPORE						
Straits Times (1966)	759.23	766.46	771.08	780.11	852.65 (2/5)	717.58 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1187.5	1183.0	1097.9	1140.0 (15/4)	829.5 (5/8)
JSE Indust (28/9/78)	—	927.1	929.6	930.5	1036.5 (15/7)	767.1 (7/5)
SPAIN						
Madrid SE (28/12/84)	132.75	132.89	130.57	128.90	132.89 (13/11)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1530.30	1536.01	1611.08	1504.77	1536.81 (13/11)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn (31/12/58)	522.9	522.8	526.4	530.5	531.1 (5/11)	385.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	238.5	237.9	237.5	238.0 (15/11)	164.5 (4/1)

** Saturday November 9: Japan Nikkei c. TSE c.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES			FALLS		
Acorn Comp	46	+15	Tr 11½% 2001/04	£108⅝	—⅜
Babcock Intl	164	+ 8	Tr 2½% IL 2020	£90¼	—⅜
Bevan (DF)	30	+ 4	Amstrad	160	— 8
Brammer	365	+22	Auto Prods	95	— 6
Exco Intl	228	+11	BTR	375	—11
French Keir	245	+21	Beazer (CH)	458	—14
Gleeson (MJ)	264	+ 8	Burton	583	—12
Goldberg (A)	88	+ 5	Comm Union	243	—10
Grand Met	378	+ 8	GEI Intl	92	— 6
Kenning Motor	150	+10	Henders. Admin	940	—70
Leigh Int	118	+15	LCP	115	— 6
Reed (Austin) A	163	+10	Plessey	134	— 6
Royal In	763	+33	Racal Elects	130	— 8
Samuel (H) A	88	+ 7	Rank Org	465	—12
Trafalgar House	377	+ 5	Tesco	290	— 5

Prices at 3pm, November 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	16	AAR	.56	2.4	15	28	23¼	23	23	-⅛
18⅝	9¾	AGS			14	98	18	17¾	17¾	-⅛
14	6⅞	AMCA				51	10½	10⅛	10½	+½
50¾	29¾	AMR			7	5391	42⅞	42	42⅛	-¼
23¾	18⅝	AMR pf2.18		9.3		423	23⅝	23⅜	23⅜	
25⅛	23	ANR pf2.67		11.		2	24¼	24¼	24¼	-⅜
13⅞	7⅛	APL				4	9⅞	9⅝	9⅞	-⅛
15⅛	9	ARX			14	40	14⅞	14¾	14⅞	+⅛
81⅛	32½	ASA	2a	5.7		510	35⅛	34¾	35	+⅛
27	18½	AVX	.32	2.8		273	11⅝	11¼	11⅜	
28⅞	19¾	AZP	2.72	11.	7	904	26	25½	25⅝	
62	38⅝	AbtLab 1.40		2.3	16	1289	61⅝	60½	60⅞	-⅜
25⅛	19⅝	AccoWd .50		2.0	18	209	24⅞	24⅝	24¾	-⅛
24¾	10	AcmeC .40		3.6		35	11¼	11⅛	11¼	+⅛
10½	7	AcmeE .32b		4.6	11	10	7	7	7	
19	15½	AdaEx 1.92e		11.		61	18	17⅞	18	+⅛
20	13½	AdmMl .48		2.1	9	19	16¼	16¾	16	
14⅛	6⅝	AdvSys .50t		3.8	19	23	13½	13¼	13½	+¼
36⅝	22⅛	AMD			38	3415	25⅝	25	25⅝	+⅜
11⅛	10⅝	Adobe n				710	11	10⅞	11	+⅛
15⅞	14⅝	Adob pfA				371	15⅛	14⅞	15	+⅛
16⅛	15¼	Adob pfB				176	16½	16⅜	16⅜	-⅛
12⅛	6⅞	Advest .12		1.1	15	360	10¾	10½	10¾	+⅜
53	34⅝	AetnLf 2.64		5.0	17	3700	52¾	51¾	52⅝	+½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
70⅝	57¼	PaPL pr 8		12		z100	67	67	67	−¼
75½	62	PaPL pr8.70		12		z50	74	74	74	
41½	34	Pennwlt 2.20		5.7		34	38⅝	38¼	38⅝	+⅜
25⅜	20	Pennw pf1.60		6.9		14	23¼	23	23¼	
50	34	Pennzoil 2.20		4.6	21	748	48⅞	47	48	+⅞
101¼	78	Penz pfB 8		7.6		z110	101	101	101	−¼
[illegible]										
50	9⅝	Tonka s .16		.4	6	488	25¼	24½	25¼	+½
[illegible]										
56¾	35¾	Xerox 3		5.3	18	2025	56⅝	55⅝	56⅛	+¼
30¼	24⅝	ZaleCp 1.32		4.6	13	10	29⅛	29	29	−¼
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, November 14

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
Acton			8	1½	1½	1½	
AdRusl	.15	18	67	27⅞	27¾	27⅞	+⅛
Aerone			6	4	3⅞	3⅞	−⅛
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Bulls battle it out with profit-takers

THE BULLS continued to battle against the profit-takers on Wall Street yesterday, driving market indices towards new peaks in heavy turnover, *writes Terry Byland in New York.*

Enthusiasm cooled at mid-session, however, as bonds reacted to the approval by the House of Representatives to an extension of the debt-ceiling legislatioo.

Ford jumped $1⅝ to $50⅞ in heavy trading as the board increased the share buyback plan by a further 20m shares, implying a total huyback of 15 per cent of the equity for around $1.5hn.

The gain in Ford helped turn market indices upwards after an uncertain start.

At 2pm, the Dow Jones industrial average was 8.85 up at 1,434.40.

The sbarp dip reported in last month's US retail sales, itself a reflection of weakness in car sales as Detroit's generous financing programmes lapsed, had little effect.

The US Treasury is expected to announce plans for substantial auction sales as soon as the debt-ceiling extension is confirmed. In the bond market, "the bloom is off the rose," Mr Dan Napoli, president of Merrill Lynch Government Securities, said. Loog-dated bonds shed half a point, and the December bond futures contract slipped hack below 8,000, having failed this week to hreak through significant resistance levels around 8,012.

Neither General Motors, down $¼ at $68¾, nor Chrysler, unchanged at $42¼, tried to follow Ford higher.

Technology stocks returned to the fore as the market turned higher. IBM gained $1¼ to $136¼, to make a further assault on the 52-week high of slightly more than $138.

Burroughs, up $⅝ at $59⅛ and Honeywell, up $¼ at $64⅝, were slow to follow the firmer trend. Among the personal computer stocks, Commodore International eased $¼ to $9⅝ after belated consideration of the latest trading statement. Apple Computer, however, added $½ to $19⅞.

The foreign-earning stocks, which will benefit from a falling dollar, returned to favour, although buyers were selective. Merck, at $121⅞ added $⅜ in thin trade, and Bristol-Myers added $⅜ to $62.

But the financial-industry issues were discouraged by rises in short-term interest rates in the two previous sessions. At $68⅞, Bankers Trust eased $⅜, and Chase Manhattan gave up $⅝ to $61.

The list of NYSE active stocks was headed by Beatrice Group, $⅝ higher at $46⅛ after the board agreed to terms from Kohlberg Kravis Roberts with an intended market value of $50 a share. The board's agreement seems to cancel reports of a last-minute rival offer from little-known Dart Group of Landover, said to be acting with E. F. Hutton, the hrokerage firm.

Also active was Amax, the controversial mining and metals group, which sold 1m of its Treasury sbares at $11⅝ through Lehman Bros. The stock traded $¼ up at $11⅞ – a far cry from the $78 a sbare once offered for the equity by Chevron.

CBS weakened again, shedding $¾ to $119¼ as the market digested the disclosure of a $143m write-off, reflecting the corporate restructuring.

The retail sector remained steady following the Commerce Department's retail sales announcement. Sears, buoyed also by its financial services interests, added $¼ to $36¼, while Woolworth, up $⅜ at $56½, continued to respond to good profits figures.

But the brightest spot was Macy, the premier department store currently facing a massive management buyout offer. The stock recovered from recent weakness to gain $1½ to $63⅝, as speculators hoped the bidders would shortly disclose plans to fund their offer.

In the credit market, Treasury bill rates continued to climb as the market waited for the President to approve the debt-limit extension, and thereby open the way for another issue of cash management bills. Three-month Treasury bills added 5 basis points, despite a dip in federal funds to below 8 per cent.

Bonds were half a point lower as retail buyers backed off, also in the expectation that next week will bring a clutch of Treasury auctions of new securities.

LONDON

LEADING industrials finally succumbed to ligbt profit-taking in London yesterday as investors, unsettled by the prospects of a protracted period of high interest rates, turned cautions.

The FT Ordinary index hugged overnight levels for most of the morning but retreated late in the session to finisb 7.7 down at the day's low of 1,081.1.

Among special situations, Plessey turned 8p cheaper at 134p but slipped as low as 126p in after-hours dealing.

Among the most active stocks were Commercial Union, 10p off at 243p, ICI, 9p cheaper at 691p and Trafalgar House, 5p up at 377p.

The interest-rate concern surfaced in the gilt market and longs took the brunt of the pressure with losses of up to ⅞. Index-linked stocks recorded similar losses but conventional shorts were only ⅛ or so easier.

Chief price changes, page 37; Details, Page 36; Share information service, Pages 34–35

AUSTRALIA

HIGHER INTEREST rates dampeoed market confidence in Sydndey turning the industrial sector particularly weak. The absence of buying of further blocks of BHP by Bell Resources also toned down sentiment. The All Ordinaries index shed 0.5 to 1,009.9.

Although BHP did not enjoy the support shown earlier in the week, it managed an 8-cent gain to A$8.84, while CSR picked up 3 cents to A$3.41 and MIM finished 5 cents stronger at A$2.52. Bell Resources held steady at A$5.00.

Among mines, North Broken Hill and Peko-Wallsend added 2 cents each to A$2.34 and A$5.10 respectively while CRA gained 4 cents to A$5.60.

SINGAPORE

A LACK of buying support pushed Singapore lower again with a 7.23 fall in the Straits Times index to 759.23.

Grand United Holdings was most active and dipped 4 cents to S$1.46 with Sime Darby 5 cents easier at S$1.61 in moderately active turnover. Raleigh lost 6 cents to S$3.

Elsewhere, New Straits Times lost 25 cents to S$7.10 and Perlis Plantations weakened 16 cents to S$3.02.

Meanwhile, Singapore Airlines revealed that it is floating 100m shares of S$1 par value at S$5 each from tomorrow to November 27.

HONG KONG

DEVELOPMENTS in local takeover battles offered investors a speculative focus in Hong Kong although the Hang Seng index shed 2.04 to 1,745.14.

Chuang's (Holdings) resumed trading and jumped 21 cents to 53 cents in response to the bid from Evergo Industrial.

Evergo, which resumed trading on Tuesday, lost 1 cent to 77 cents. The group bas also offered to buy 79 per cent of Chuang's affiliate, Lambda Technology, which resumed trading yesterday and was 19 cents above its suspensioo price of 83 cents.

SOUTH AFRICA

THE CUT io prime lending rates by leading banks combined with a slightly firmer bullion price to boost Jobannesburg gold and industrial shares.

Nedbank, which announced a one percentage point cut in prime rates to 18.5 per cent effective November 28, was unchanged at R8.90. Among gold issues, Southvaal rose R2.50 to R97.50 and Blyvoor firmed 25 cents to R17.

Anglo American surrendered early strength to finish 50 cents down at R36 while industrial leader Barlow Rand firmed 30 cents to R12.30.

CANADA

PRECIOUS-METAL and hydrocarbon-related issues sprinted ahead in Toronto with some impetus being derived from Wall Street.

Dome Petroleum was actively traded 20 cents higher to C$3.10 after firming 10 cents in the previous session. Canadian Pacific was unchanged at C$17⅞ as Norcen traded C$⅛ lower to C$15⅜.

Golds were husy with Lac Minerals C$¼ ahead at C$33½ while Campbell Red Lake picked up C$⅛ to C$32.

Industrials were one of the few bright spots in a weaker Montreal that took utilities and hanks lower.

TOKYO

Oscillating bonds a distraction

AN EARLY fall in Tokyo trading yesterday was partially reversed towards the close reflecting the lower bond market and its subsequent rebound, *writes Shigeo Nishiwaki of Jiji Press.*

The equity and bond markets remained in the doldrums amid mounting concern at the Bank of Japan's policy of guiding short-term interest rates higber to help the yen maintain its strength against the US dollar.

Bond prices went into a tail-spin when some city banks boosted sales in the morning. The yield on the benchmark 8.8 per cent 68th government bood falling due in December 1994 surged from 8.850 per cent to 7.190 per cent at one stage.

The yield later fell back on rushed purchases by a major securities company as well as agricultural and forestry financial institutions, but moved higher again on renewed selling and ended at 7.100 per cent.

Some securities firms said bond prices had stopped declining, while many city banks and big institutional investors are hoping to sell some holdings to meet immediate needs if the market bounces back. At preseot, huge appraisal losses make it difficult for them to sell.

The bond fall sparked early small-lot sales in the equity market. Large-capital, domestic-demand and heavy hidden-asset issues fell sharply across the board, but some regained most of the ground lost in the morning.

The Nikkei average lost 236 at one stage but finisbed at 12,589.51, off 126.76 – the sixth straight daily drop. Volume weakeoed from 316m on Wednesday to 264m sbares. Declines far outnumbered advances 606 to 170, with 143 issues unchanged.

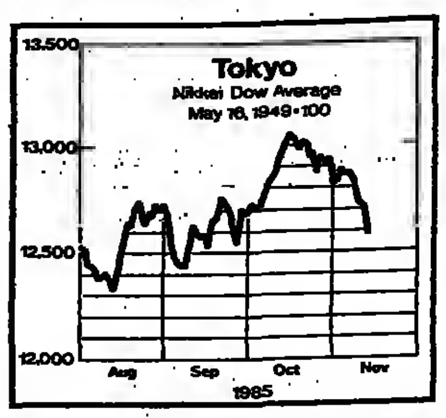
Large-capital issues fluctuated widely. Mitsubishi Heavy Industries tumbled Y12 at one stage, but rallied later, closing unchanged from the previous day at Y354. It headed the most-active stock list with 11.6m shares traded.

Nippon Steel gained Y2 to Y157, while Tokyo Electric Power eased Y20 to Y2,270.

Blue-chip issues weakened almost across the board on ligbt sales. NEC shed Y40 in early trading but rebounded later, eoding at Y1,130, up Y10. Matsushita Electric Industrial, Minolta and Ricoh eased Y20 each to Y1,130, Y1,010, and Y1,030. Sony dropped Y50 to Y3,870.

Heavy-asset issues also lost ground in the morning, but came back later. Mitsuhishi Estate weakened Y20 to Y1,090, Nippon Express Y9 to Y556, Tokyo Y18 to Y523.

Middle-priced speculative issues were active, with Rodogaya Chemical adding Y50 to Y1,190, Kyodo Shiryo Y3 to Y350, Sbochiku Y20 to Y1,140 and Takashima Y11 to Y359.



Biotechnology-related stocks, the main gainers on Tuesday, were sold. Mitsubishi Chemicals declined Y17 to Y494, and Asahi Chemical Y18 to Y802.

EUROPE

Cars under attack in Frankfurt

INVESTORS moved to recoup gains in Europe yesterday and prices edged lower in most bourses.

Motors came under attack in Frankfurt, where most issues ended sharply down. Some dealers believe the long-awaited phase of consolidation may finally have set in.

The Commerzbank index, which was pushed to several records in October culminating with a peak of 1,761.4 on November 4, fell 46.6 yesterday to 1,695.4

Daimler Benz dropped DM 37 to DM 1,143, BMW shed DM 27.50 to DM 575.59 after gaining DM 60 in the previous two sessions, Porsche lost DM 20 to DM 1,225 and VW gave up DM 16.90 at DM 396.10.

News of a rise in electrical orders failed to stem the decline in that sector. AEG shed DM 3.80 to DM 222.20, Siemens slid DM 18 to DM 636 while Brown Boveri was DM 3 lower at DM 288.

Engineerings were down. GHH lost DM 4.50 to DM 215.50, Linde shed DM 24 to DM 563 and Mannesmann dropped DM 7.80 to DM 256. Reports from three leading West German banks ooted that engineering stocks had continuing potential for gains after increased orders during the first nine months and buoyant earnings forecasts.

Despite news of a rise in group turnover for the first nine months of 1985, Conti Gummi shed DM 7 to DM 154.20. It said it would at least matcb its last DM 3 dividend.

Bonds eased by as much as 25 basis points and the Bundesbank sold DM 35.6m worth of paper after selling a hefty DM 92.4m worth on Wednesday.

Amsterdam extended its losses as stocks came under pressure from profit-takers.

Banks led the trend although all sectors experienced widespread declines. ABN shed Fl 7.50 to Fl 539, NMB dropped Fl 4 to Fl 222 and Amro Fl 1.30 to Fl 97.80.

Akzo was boosted Fl 2.10 to Fl 134 in continued reaction to the company's plans to sell off its struggling American Enka textile-fibres unit to BASF.

Among other internationals, Philips rose 60 cents to Fl 54.50.

Unilever shed Fl 4 to Fl 362.50 ex-dividend while builder HBG was suspended Fl 2 lower at Fl 128 ahead of a statement maintaining earlier forecasts that its net profit will be down by 10 per cent this year.

Bonds were little changed in slow trading.

A lack of direction kept some investors on the sidelines in **Zurich** and prices ended steady.

Some banks made modest improvements. Swiss Bank Corp, which expects its profits for 1985 to be above the record results for 1984, rose SFr 1 to SFr 510. Bank Leu gained SFr 50 to SFr 4,150, while Crédit Suisse shaded SFr 20 lower to SFr 3,270 and UBS fell a similar amount to SFr 4,750.

Bonds were steady in trendless trading.

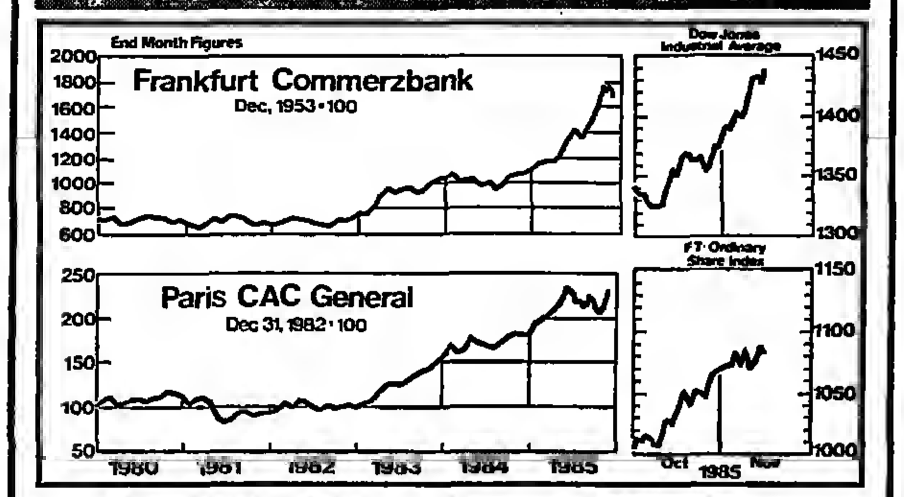
Paris edged lower in reaction to recent rises, while **Brussels** steadied.

Profit-taking hit **Stockholm**, where a cut in the penalty-borrowing rates was announced. Ericsson was steady at SKr 210 ahead of interim results which showed a drop in earnings for 1985.

Drug company Pharmacia lost SKr 10 to SKr 184 ahead of higher profits for the first nine months of 1985.

Insurers continued to lead the way higher in **Milan** while prices fell in **Madrid.**

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 14	Previous	Year ago
NEW YORK			
DJ Industrials	1,431.77*	1,427.75	1,206.93
DJ Transport	685.04*	679.89	526.74
DJ Utilities	166.09*	164.89	143.62
S&P Composite	198.46*	197.10	165.99
LONDON			
FT Ord	1,081.1	1,088.8	911.6
FT-SE 100	1,391.7	1,396.9	1,181.5
FT-A All-share	677.29	679.96	552.11
FT-A 500	738.67	741.69	602.38
FT Gold mines	263.9	268.8	581.2
FT-A Long gilt	10.51	10.44	10.05
TOKYO			
Nikkei	12,589.51	12,716.3	11,320.9
Tokyo SE	991.30	1,000.19	856.93
AUSTRALIA			
All Ord.	1,009.9	1,010.4	778.4
Metals & Mins.	501.8	500.0	475.2
AUSTRIA			
Credit Aktien	104.38	103.29	57.54
BELGIUM			
Belgian SE	2,913.99	2,895.76	161.26
CANADA			
Toronto			
Metals & Minls	1,875.3*	1,866.0	2,022.0
Composite	2,784.5*	2,772.6	2,413.7
Montreal			
Portfolio	135.19*	134.64	120.13
DENMARK			
SE	229.90	229.86	170.41
FRANCE			
CAC Gen	231.0	231.0	180.4
Ind. Tendance	133.1	133.3	97.9
WEST GERMANY			
FAZ-Aktien	573.25	589.64	370.50
Commerzbank	1,695.4	1,742.0	1,083.8
HONG KONG			
Hang Seng	1,745.14	1,747.18	1,077.93
ITALY			
Banca Comm.	409.67	407.06	211.99
NETHERLANDS			
ANP-CBS Gen	232.7	233.1	178.9
ANP-CBS Ind	208.8	210.5	140.5
NORWAY			
Oslo SE	399.17	406.73	283.88
SINGAPORE			
Straits Times	759.23	766.46	801.70
SOUTH AFRICA			
JSE Golds	–	1,137.8	1,099.0
JSE Industrials	–	927.1	904.2
SPAIN			
Madrid SE	132.76	132.89	97.89
SWEDEN			
J & P	1,530.30	1,536.01	1,342.39
SWITZERLAND			
Swiss Bank Ind	522.9	522.8	379.2
WORLD	Nov 13	Prev	Year ago
Capital Int'l	238.0	237.9	187.3

COMMODITIES

(London)	Nov 14	Prev
Silver (spot fixing)	431.25p	430.75p
Copper (cash)	£974.00	£976.75
Coffee (Jan)	£1,883.50	£1,873.50
Oil (spot Arabian Light)	$27.85	$27.85

GOLD (per ounce)

	Nov 14	Prev
London	$325.75	$326.50
Zürich	$326.25	$325.25
Paris (fixing)	$326.27	$325.03
Luxembourg	$325.35	$324.60
New York (Dec)	$325.90*	$326.20

CURRENCIES

(London)	U.S. DOLLAR Nov 14	U.S. DOLLAR Previous	STERLING Nov 14	STERLING Previous
$	–	–	1.4275	1.424
DM	2.8165	2.615	3.735	3.725
Yen	203.35	203.95	290.25	290.5
FFr	7.97	7.9675	11.3775	11.345
SFr	2.144	2.144	3.06	3.0525
Guilder	2.944	2.9455	4.2025	4.195
Lira	1,768.0	1,766.0	2,523.75	2,514.75
BFr	52.8	52.75	75.35	75.1
C$	1.378	1.38	1.965	1.966

INTEREST RATES

	Nov 14	Prev
Euro-currencies (3-month offered rate)		
£	11½	11⁷⁄₁₆
SFr	4⅜	4⅛
DM	4¾	4¾
FFr	9⁵⁄₁₆	9⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¹⁄₁₆	8⅛
6-month U.S.$	8¹⁄₁₆	8⅛
U.S. Fed Funds	7¹⁵⁄₁₆*	7⁷⁄₁₆
U.S. 3-month CDs	7.70*	7.9
U.S. 3-month T-bills	7.30*	7.49

U.S BONDS

Treasury		Nov 14* Price	Nov 14* Yield	Prev Price	Prev Yield
8⅞	1987	100¹⁹⁄₃₂	8.588	100²³⁄₃₂	8.54
9⅜	1992	100¹⁷⁄₃₂	9.64	100²⁹⁄₃₂	9.56
10½	1995	104⁷⁄₃₂	9.81	104¹⁹⁄₃₂	9.75
10⅝	2015	104²⁷⁄₃₂	10.105	105¹³⁄₃₂	10.04

Treasury Index Maturity (years)	Nov 14* Return index	Day's change	Yield	Day's change
1–30	132.39	–0.15	9.31	+0.04
1–10	130.35	–0.10	9.03	+0.04
1–3	126.65	–0.05	8.53	+0.04
3–5	131.92	–0.18	9.27	+0.05
15–30	139.61	–0.33	10.32	+0.03

Source: Merrill Lynch

Corporate	Nov 14* Price	Nov 14* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	9.95	101½	9.95
3⅞ July 1990	83.625	8.20	83.625	8.20
8⅝ May 2000	87⅛	10.50	87½	10.50
Xerox				
10⅞ Mar 1993	101⅜	10.25	101⅜	10.25
Diamond Shamrock				
10⅜ May 1993	101	10.40	101	10.40
Federated Dept Stores				
10⅜ May 2013	99	10.70	99	10.70
Abbot Lab				
11.80 Feb 2013	107⅜	10.90	107⅜	10.90
Alcoa				
12¼ Dec 2012	103⅜	11.80	103⅜	11.80

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	79–31	80–01	79–25	80–06
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.87	92.91	92.85	92.90
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.32	92.33	92.30	92.34
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	92.01	92.06	92.00	92.05
20-year Notional Gilt £50,000 32nds of 100%				
Dec	110–21	111–23	110–21	111–21

* Latest available figures